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76TH ANNUAL REPORT
OF THE
INTERSTATE COMMERCE
COMMISSION



FISCAL YEAR ENDED JUNE 30, 1962



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1962

INTERSTATE COMMERCE COMMISSION

RUPERT L. MURPHY, *Chairman*

LAURENCE K. WALRATH, *Vice Chairman*

HOWARD G. FREAS

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EVERETT HUTCHINSON

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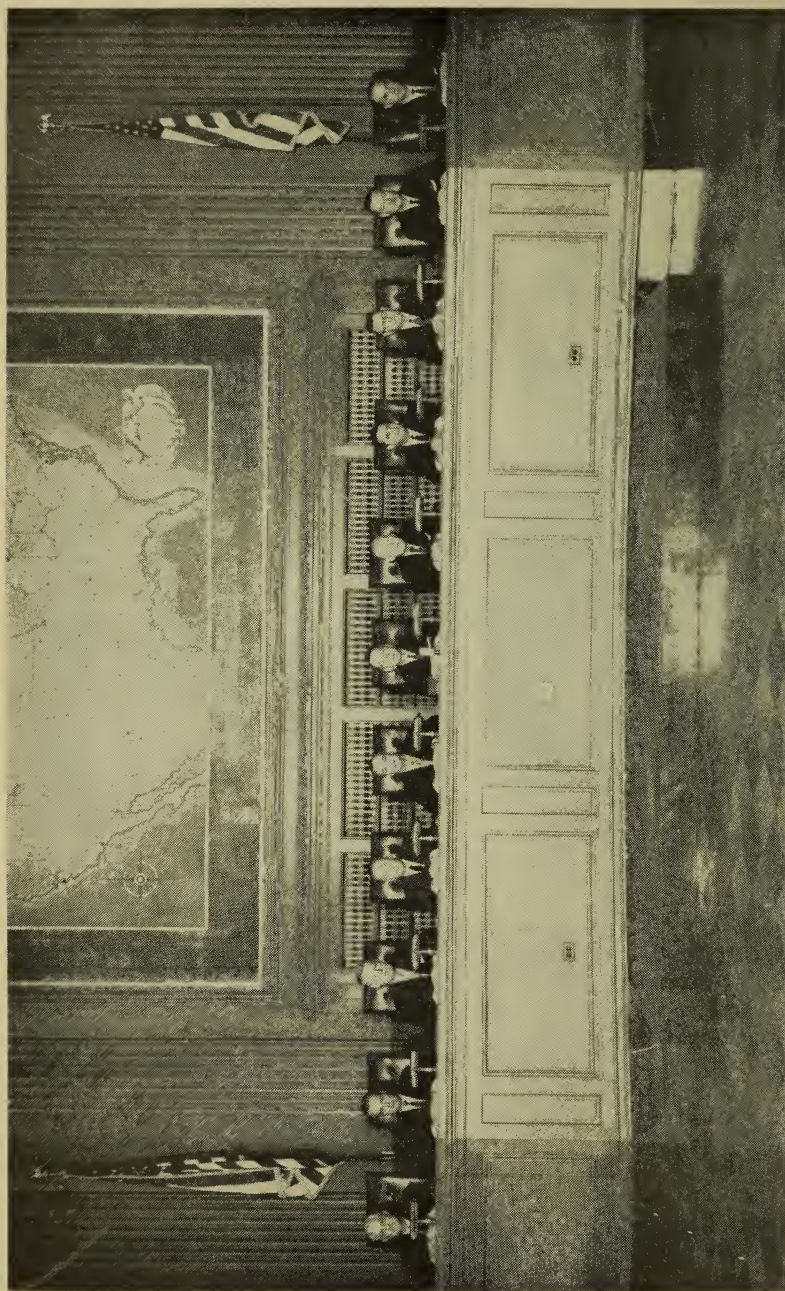
L. Casson

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III

Comm. 13 Feb., 1963, Bureau v. 76, ser.



Interstate Commerce Commissioners (left to right) Bush, Webb, McPherson, Tuggle, Walrath (Vice Chairman), Murphy (Chairman), Freas, Hutchinson, Goff, Herring, and Tucker.

REPORT OF THE INTERSTATE COMMERCE COMMISSION

WASHINGTON, D.C., *December 31, 1962.*

To the Senate and House of Representatives:

The Interstate Commerce Commission submits herewith its 76th annual report to the Congress. A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1962, is contained in appendix E to this report.

With important exceptions, the other material in the report also deals with the period between July 1, 1961, and June 30, 1962. The exceptions mainly are the references to legislative actions by the last Congress and legislative recommendations for consideration by the next Congress.

Highlights of the year in transportation are summarized immediately following the chapter, "Organization and Management." Thereafter, more detailed discussions of activities of the carriers and the work of this Commission are given in chapters devoted to the major subjects in the field of transportation.

ORGANIZATION AND MANAGEMENT

Our last annual report discussed in considerable detail the major organizational and procedural changes made during the early part of 1961. These improvements were made after evaluation of various studies of the Commission's organization, procedure, and management made by governmental and private study groups. Since that time several additional changes were undertaken.

Three new employee boards—the Finance Review Board, the Operating Rights Review Board, and the Rates and Practices Review Board—were created, making a total of 19 employee boards now in operation. Unlike other employee boards of the Commission, the new boards handle cases which have involved the taking of testimony at public hearings or the submission of evidence by affidavits. This was made possible by amendment of section 17 of the act as referred to in our last report. The new boards did not become fully operative until January 1962, but as of June 30, 1962, these boards had disposed of 228 cases.

For some time, the matter of field organization has been a subject of continuing concern to the Commission. After considerable deliberation on proposals made by the several study groups and our own staff, the Commission approved a number of changes that became effective July 1, 1962.

Such changes primarily affect the field organization of our Bureaus of Safety and Service, Inquiry and Compliance, and Accounts and are aimed at promoting greater efficiency and economy by simplifying field office structure.

The Bureau of Safety and Service formerly conducted field operations within 9 geographical zones, which were subdivided into inspection areas or work districts under the direction of 30 zone supervisors. These have been replaced by eight districts, each headed by a district director who will supervise the district field staff. At least two supervisors are assigned to each district staff to assist the district director in providing technical advice and to train inspectors. The district directors double as supervisors in the specialty field in which they are qualified, such as locomotive inspection, railroad safety, car service, or signal and train control.

In the Bureau of Accounts, the three former field areas have been replaced by six districts headed by district auditors with duties similar to those previously assigned the three examiners-in-charge. This

revised geographical division will provide field supervisors with more opportunity for contact with subordinates and on-the-job supervision.

The realignment in both bureaus is intended to enable field personnel of each bureau to be of greater assistance to the field staffs of other ICC bureaus.

The Bureau of Inquiry and Compliance realigned the territorial assignments of its special agents to coincide with the eight new Safety and Service districts, since the efforts of such agents are directed primarily toward investigation of possible violations in the rail and water carrier and freight forwarder fields. Motor carrier investigation activities will continue to be conducted within the 13 field districts of the Bureau of Motor Carriers. No changes were made in the geographical divisions of the field operations of the Bureau of Motor Carriers or Bureau of Water Carriers and Freight Forwarders.

Authority formerly delegated to regional attorneys of the Bureau of Inquiry and Compliance and the district directors of the Bureau of Motor Carriers to approve final investigation and criminal prosecution of motor carrier safety violations was broadened to include prosecution of all types of motor carrier violations under part II of the act, subject to routine review in Washington. A procedure also was instituted requiring compliance checks subsequent to issuance of cease and desist orders by the Commission or successful court action to determine whether unlawful activities have been stopped, continued, or resumed.

Although favorable results are beginning to appear, it is too soon to determine conclusively the total effect of the organizational and procedural changes discussed in this and our last annual report. It is worthy to note, however, that 7,902 formal cases were closed during fiscal year 1962, the greatest number for any similar period in the Commission's history. This represents a 3.5-percent increase over the number of cases closed during the prior year and nearly a 5-percent increase over fiscal year 1960. At the same time our pending case docket was reduced from 5,002 cases pending at the beginning of the year to 4,688 at the close of the year, the lowest yearend level in 4 years. The average time required to close a case and the average age of pending cases were also reduced. Cases closed during fiscal year 1962 required an average of 7.8 months for disposition, compared with an average of 8.8 months the previous year. All of the foregoing improvements have been made notwithstanding a 5.5-percent increase in our caseload receipts during the past fiscal year.

Utilizing data contained in our revised examiner work reporting system, we analyzed expenditure of examiner man-hours during the calendar year 1961. This study identified the specific amount of examiner man-hours devoted to various work processes. The informa-

tion is exceedingly valuable in identifying the impact of potential procedural changes on manpower needs. As further data are accumulated and analyses completed, this system should provide a more meaningful method of forecasting manpower requirements.

A new reporting system covering our formal proceedings work was devised. It identifies more accurately the actual number of work units produced monthly at all decisional levels and the relationship to proceedings dispositions.

During the year, the Commission established an Automatic Data Processing Staff to study the possible extension of automatic data processing applications to various operations of the Commission. Staffwork in three priority areas has progressed substantially and accomplishments with respect to cost finding has been highly favorable. The two cost formulas for rail and motor carrier rate determinations, which historically have been applied manually, are now automated for computer processing. After limited experience, these operations have provided proof that we can achieve an increase in our capabilities for providing the timely data that are important in so many facets of the Commission's activities. The automated cost formulas are generally indicative of the type of endeavor we are pursuing in handling specific tasks formerly curtailed by manpower limitations.

Special attention was given to recruitment activity during the fiscal year. In the professional field a number of colleges and universities were visited to make our ICC employment needs known to school officials and students and to interview prospective candidates for Commission employment. In addition, a staff team visited a number of high schools in nearby States for the purpose of interesting graduating classes in employment, particularly in the categories of stenographer and typist where shortages persist. Through the development of cooperative relationships with State employment offices and school officials, arrangements were made for giving on-the-spot examinations to groups of interested students. As a result we were able to recruit a number of young graduates to fill existing vacancies.

Increasing emphasis was placed on training employees. Several bureaus developed planned instruction in their technical work. Inter-agency sources were used for management and skills development training, and more use was made of transportation courses offered by recognized transportation schools. A Task Group on Training, Reports Standards and Format studied the subjects suggested by its title and submitted recommendations for action to the Chairman.

Through records disposition activities, more than 6,600 cubic feet of records were destroyed or transferred to Federal Records Centers, releasing for reuse space and equipment valued at approximately \$41,000 annually. With the assistance of the National Archives and

Records Service, GSA, comprehensive records disposal schedules now have been prepared for 7 of the Commission's 10 bureaus.

Activities of our Staff Committee on Reduction of Paperwork Burden, established to review Commission reporting requirements, continued to show good results. Since the creation of this staff group in 1959, carrier respondents have been relieved from filing approximately 43,100 reports containing more than 3 million reportable items. Additionally, the Commission has been relieved from processing these reports. Eleven publications of the summary data formerly issued on a monthly basis will now be issued on a quarterly basis, saving 88 publications per year.

A procedure was developed which provides for the mechanical maintenance of data and publication of telephone and field office directories. This procedure will reduce considerably the clerical, typing, and printing effort formerly required to produce such directories.

The General Services Administration completed a study of the Commission's mail handling and messenger procedures. We are now in the process of implementing, to the extent feasible, recommendations contained in the study report.

To aid in the recruitment and retention of attorney advisers, special programs were inaugurated for improvement of office facilities provided these employees. Standard office furnishing guides were developed and applied, and necessary procurement action taken for upgrading to these standards the offices of 128 employees. Also, three prototype office arrangements for hearing examiners and attorney advisers were established to test alternative methods for the provision of increased stenographic assistance and improved space utilization.

A comprehensive survey of space utilization in the ICC Building was conducted to determine the state of utilization of available office and storage space, develop a plan to alleviate space assignment problems, and provide for the orderly accommodation of additional employees for at least 2 years. As a result, uniform standards for space allocation were placed in effect, and an intensive program of records disposition and conversion of storage and file space to office space was commenced.

More than 600 items of office furniture and equipment with a total acquisition value in excess of \$27,000 were acquired at no cost to the Commission through GSA's excess property utilization program.

In connection with the observance of the 75th Anniversary of the Commission, a museum of memorabilia and exhibits was assembled. In addition to displays placed by bureaus, offices, and individual employees, items were loaned by the Smithsonian Institution, the Library of Congress, and the National Archives. Exhibits were also provided by 30 transportation-related industries and associations. The museum

was open to the public from April 2 through April 8, 1962, and was visited by more than 12,000 people.

APPROPRIATIONS AND EMPLOYMENT

The following statement shows average employment and total appropriations for the fiscal years 1940 to 1963 for activities included under the current appropriation title "Salaries and Expenses."

Year	Appropriation	Average employment	Year	Appropriation	Average employment
1940.....	\$8,948,000	2,649.3	1952.....	\$11,264,035	1,889.5
1941.....	9,077,960	2,734.9	1953.....	11,003,500	1,849.4
1942.....	9,212,750	2,658.6	1954.....	11,284,000	1,837.9
1943.....	9,336,377	2,359.4	1955.....	11,679,655	1,859.1
1944.....	8,873,900	2,076.0	1956.....	12,896,000	1,902.2
1945.....	8,833,700	1,957.5	1957.....	14,879,696	2,090.1
1946.....	8,733,738	2,058.3	1958.....	17,412,375	2,237.8
1947.....	10,496,200	2,240.4	1959.....	18,747,800	2,268.1
1948.....	10,713,000	2,247.7	1960.....	19,650,000	2,343.6
1949.....	11,300,317	2,217.8	1961.....	21,451,500	2,386.1
1950.....	11,416,700	2,161.0	1962.....	22,075,000	2,399.7
1951.....	11,408,200	2,072.3	1963.....	22,606,000	¹ 2,425.6

¹ Estimated.

The appropriation of \$22,075,000 for the fiscal year beginning July 1, 1961, represented an increase of \$623,500 over the appropriation for the previous fiscal year. The increase of \$623,500 was primarily for 45 additional positions. The additional positions were provided primarily to assist in handling the continuing increase in formal casework and to strengthen enforcement, compliance, and research activities.

TRANSPORTATION HIGHLIGHTS

On April 5, 1962, the Commission celebrated its 75th anniversary with formal exercises at the Departmental Auditorium in Washington, D.C.¹ Officials from the legislative, executive, and judicial branches joined with leaders of the transportation industry to commend the independent-agency approach to transport regulation. Among the most gratifying to the Commission were the remarks of Justice Felix Frankfurter who voiced his concept of the Interstate Commerce Act, as "a blend of preserving, furthering, and encouraging private incentive, with due regard for effective, informed representation of the public interest where, as in all aspects of transportation, private enterprise closely touches the national well-being." We believe the Commission's administration of the act is in accord with this concept of the spirit underlying the statute.

The President issued a proclamation designating April 5 as Interstate Commerce Day, in accordance with a joint resolution approved by the Congress. A supplement to our last annual report recorded the regulation of surface transportation through the past quarter century, thus providing a continuation of a similar chronology published on the 50th anniversary of the Commission. In addition, a number of carrier and industry groups conducted special programs and various civic and municipal organizations enacted resolutions in commemoration of the Commission's 75th anniversary.

On the same day the President transmitted to the Congress a transportation message that encompassed a comprehensive discussion of transportation policy and more extensive recommendations for transportation legislation than any previous Presidential statement. The President's message sought an amelioration of a multitude of transportation ills, many of which had been mentioned in earlier annual reports of the Commission. Collectively, these problems were considered by those concerned with transportation to be as critical as those which led to the establishment of this Commission and the message generated a wide variety of reactions from carriers, shippers, and governmental agencies.

The President asked for a more coordinated Federal policy, a less segmented approach, and equality of opportunity for all forms of transportation and their users. The message called for more reliance on competitive forces and less Federal regulation for transportation.

¹ Memorialized by publication of H. Doc. 492, 87th Cong., 2d sess.

Many of the President's recommendations relate to problems in the sphere of our regulatory jurisdiction. The most critical and controversial problems covered in this area included minimum rates and bulk and agricultural exemptions.

In the field of minimum rate regulation, we recommended the continuation of minimum rate safeguards to protect the national transportation system from harmful effects of destructive competition.

We endorsed the proposal to eliminate present inequities in the area of exempt bulk commodities. The method suggested involved extending to all carriers the exemption now bestowed on certain transport media or, alternatively, repeal of the existing exemption. We preferred the latter approach. We also recommended that present motor carrier exemptions relating to agricultural and fishery products be limited to transportation by vehicles having not more than three axles. The Commission supported the overall policy endorsement of carrier experimentation in rates and coordination of operations by renewing a longstanding recommendation for the promotion of through routes and joint rates among all regulated modes of transportation.

We also supported the President's recommendations which would assist our enforcement program. During the past session, the Congress gave much attention to proposals for strengthening the Commission's enforcement powers and for a joint Federal-State cooperative effort to reduce unlawful activities carried on under the guise of legitimate carriage. Despite the largest number of prosecutions in our history, with fines and forfeitures amounting to almost \$1 million during the fiscal year ended June 30, 1962, violations of the act continued to undermine the progress of carriers regulated by the Commission.

In our 75th Annual Report we emphasized that private and exempt carriage has continued to grow at a far greater rate than transportation by the regulated carriers. This trend has continued through the past fiscal year along with a narrowing margin between revenues realized and costs expended by the regulated carriers. In the motor carrier field alone, private and unregulated carriers transport twice as much freight as regulated truckers.

The plight of the common carrier became more precarious as increasing competition magnified previous problems and introduced new difficulties that had passed unnoticed in earlier eras. This has created an increased range of issues before this Commission and, perhaps, contributed to the unprecedented number of pending applications for railroad mergers. Repeal of the 10-percent excise tax on for-hire carriage revenues and certain equipment depreciation reforms, both previously recommended by this Commission, hold out hope for a more favorable economic return for regulated carriers.

In our attempt to discharge our functions more effectively, we have coordinated Commission research and analytical facilities more closely during the year. We utilized these resources to further the early recognition of emerging transportation problems, the development of policies to meet these challenges, and the identification and study of economic issues being litigated before the Commission. We initiated a broad rulemaking proceeding to expedite the decisional process in rate proceedings through the simplification of assembling and presenting cost data. Automation of cost finding and other programs underscored our efforts to take full advantage of technological progress wherever possible.

The extensive reorganization of the Commission's structure and procedures last year enabled us to dispose of the greatest number of cases in our 75-year history and one-third more than the total number of cases decided some 5 years ago. Furthermore, the cases closed in this year took 11 percent less time than those closed in fiscal year 1961. Significant progress in other areas, which has resulted from our reorganization, is described in the chapters on "Organization and Management" and "Practice and Procedure."

Finding that many interstate bus passengers have been subjected to racial segregation aboard buses and at terminal facilities, the Commission prescribed rules barring such discrimination. These rules, generally, prohibit motor common carriers of passengers from operating buses in interstate commerce on which seating is based on race, color, creed, or national origin, or from utilizing terminals where there is segregation on such basis.

We intensified our activities in the field of railroad and motor carrier safety to keep pace with technological developments. Despite higher speed and added congestion in both rail and highway traffic, our latest annual statistics indicate a reduction in the number of fatalities and accidents, including those occurring at rail-highway grade crossings.

TRAFFIC AND EARNINGS

The volume of traffic and revenues showed varying conditions among the different types of carriers, as the recovery period of 1961 extended into 1962. The revenues for eight of the groups of carriers subject to the Commission's jurisdiction were \$19.3 billion in the calendar year 1960, but \$19.2 billion in 1961, and \$20.3 billion in the 12 months ended June 30, 1962.

Total ton-miles remained relatively stable, as small increases by motor carriers and pipelines were countered by declines in rail and water ton-miles, 1961 compared with 1960. The long-term upward trends in passenger-miles by airlines and private automobiles continued, while the downward trends in rail and bus passenger traffic likewise were extended through another year.

The table at page 11 shows the revenues, and that at page 12 the intercity ton-miles and passenger-miles operated by public and private agencies of transport.

OPERATING REVENUES, 1960-61

Trends in revenues among the various types of carriers were mixed for the calendar years 1960 and 1961 and the 12 months ended June 30, 1962, as shown by the following table. The railroads suffered a decline of 3.62 percent in revenue in 1961 below the level of 1960, but in fiscal 1962 their revenues were only 0.62 percent below those of 1960. Rail revenues were slightly augmented by the reclassification of two electric railways which were transferred to the rail category during the period, but as the combined revenues of these two roads in their final year as electric railways were under \$200,000, the addition was slight. During the period from January 1, 1960, through June 30, 1962, 10 electric railways were transferred to the rail category, sold, or abandoned, with a consequent effect on the electric railway revenues; hence, the decline shown in the table is somewhat overstated. Water-line revenues decreased 8.90 percent in 1961 under 1960, but the table shows some improvement in fiscal 1962 over calendar 1961. Revenues of motor carriers, both of property and passengers, showed moderate increases in 1961; the increases were substantially larger in fiscal 1962, particularly for property carriers. The long-term upward trend in pipeline (oil) revenues continued throughout the period.

Duplications resulting from intercompany payments are involved

in revenues of freight forwarders and private car lines and for this reason revenues of such carriers are excluded from the table. The operating revenues of freight forwarders after payments to carriers were \$144 million for the calendar year 1961, as compared to \$132 million for 1960. Operating revenues of private carlines were \$435 million in 1961 and \$426 million in 1960.

*Operating revenues*¹

	Year ended Dec. 31, 1960	Year ended Dec. 31, 1961		Year ended June 30, 1962	
		Amount	Percentage change from calendar year 1960	Amount	Percentage change from calendar year 1960
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	
Railroad ²	\$9,898,858	\$9,540,266	-3.62	\$9,837,382	-0.62
Railway Express ³	247,985	256,786	+3.55	263,906	+6.42
Pullman Co.....	55,877	52,349	-6.31	50,614	-9.42
Electric railways ⁴	22,834	22,297	-2.35	22,671	-0.71
Water lines ⁵	427,408	389,390	-8.90	401,271	-6.12
Pipelines (oil).....	770,417	786,718	+2.12	802,449	+4.16
Motor carriers of passengers ⁶	667,033	689,509	+3.37	713,679	+6.99
Motor carriers of property.....	7,213,911	7,462,668	+3.45	8,228,512	+14.06
Grand total.....	19,304,322	19,199,983	-0.54	20,320,484	+5.84

¹ Partly estimated.

² Includes line-haul and switching and terminal companies; Alaskan and Hawaiian are included.

³ After deducting payments to others for express privileges.

⁴ Since Dec. 31, 1961, 2 electric railways have been reclassified as class II line-haul railways. Two have been abandoned, and 2 have been purchased, 1 by a line-haul railway and the other by an electric railway in the same period. The total revenues of the 6 carriers discontinued were less than \$320,000 in 1960. The result is an overstatement of the electric railway decline and a very slight understatement of the railroad decrease.

⁵ Includes only revenue from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

⁶ Does not include motor-carrier revenues of electric railways, included under "Electric railways."

TRAFFIC DATA, 1960-61

The following table shows the reported and estimated freight ton-miles and passenger-miles performed by the various types of intercity carriers, both public and private, for 1960 and 1961. Data for both years include Alaska and Hawaii. So far as available, estimates of coastwise and intercoastal deep-sea traffic are shown separately under "Sources."

Changes in ton-miles between 1960 and 1961, while in part still preliminary, are indicated to be small. The grand total in each year is close to 1.3 trillion. The grand total shows a slight decline in 1961, which was composed of a decrease of less than 2 percent by rail, a 4.7-percent decline by water, and increases of 2.3 percent by highway and 2.0 percent by oil pipelines. Air also showed an increase from 778 to 895 million ton-miles, but it is still less than a tenth of 1 percent of the total. Highway ton-miles increased to a record high. The pipeline (oil) figure exceeds the previous high of 229.959 billion in 1956 by 3.2 billion. The pipeline data are restricted to oil and products thereof, and do not include the movement by pipeline of coal in Ohio and gilsonite in Utah, which amount to about 200 million ton-miles per year, nor the movements of natural gas or water. Waterborne ton-

*Volume of intercity traffic, public and private, by kinds of transportation*¹

Agency	Ton-miles				Passenger-miles			
	1960	1961	Percentage of grand total		1960	1961	Percentage of grand total	
			1960	1961			1960	1961
	<i>Millions</i>	<i>Millions</i>			<i>Millions</i>	<i>Millions</i>		
1. Railroads and electric rail-ways, including express and mail.....	579, 130	569, 997	43. 66	43. 24	21, 574	20, 527	2. 84	2. 67
2. Motor vehicles: ²								
Motor carriers of passengers.....					19, 896	19, 703	2. 62	2. 56
Private automobile.....					680, 617	692, 000	89. 70	89. 97
Motor transportation of property.....	297, 662	304, 508	22. 44	23. 10				
Total motor vehicle.....	297, 662	304, 508	22. 44	23. 10	700, 513	711, 703	92. 33	92. 53
3. Inland water-ways, including Great Lakes.....	220, 253	209, 706	16. 60	15. 91	2, 688	2, 251	0. 35	0. 29
4. Pipelines (oil) ³	228, 626	233, 172	17. 24	17. 69				
5. Airways (domestic revenue and pleasure and business flying, including express and mail).....	778	895	0. 059	0. 068	33, 958	34, 642	4. 48	4. 50
Grand total.....	1, 326, 449	1, 318, 278	100. 00	100. 00	758, 733	769, 123	100. 00	100. 00

¹ Some revisions have been made in the 1960 data presented in the 75th Annual Report, and parts of the 1960 and 1961 data are still preliminary.

² Schoolbus data are excluded.

³ Includes refined products and crude oil, with an allowance for gathering lines.

Sources (Paragraphs below are numbered to correspond with items in table):

1. Reports to the Interstate Commerce Commission. Electric railway ton-miles and passenger-miles estimated on the basis of revenue. Does not include nonrevenue ton-miles which amounted to 15,725 millions in 1960 and 14,552 millions in 1961, for class I railroads.

2. Highway ton-miles estimated on the basis of Bureau of Public Roads data for main and local rural roads, mileages of routes in urban and rural areas, and on Department of Agriculture data on farm consumption. Alaska and Hawaii are included. Passenger-miles in private automobiles estimated on basis of data from the Bureau of Public Roads on rural and intercity travel and from average load data. Motor carrier passenger-miles based on Public Roads and Interstate Commerce Commission data. As processing of certain data is not complete, highway ton-mile and private automobile passenger-mile estimates herein for 1961 should be regarded as preliminary. Because of changes in base beginning with 1957, estimates for motor carriers of passengers for 1957-60 published in the 73d, 74th, and 75th Annual Reports, the above estimates for 1960 and 1961, and for private automobiles for 1957-58 in the 73d and 74th Annual Reports, are not comparable with estimates published for prior years.

3. Ton-mile data are from Corps of Engineers, U.S. Army. Data for 1961 are preliminary estimates. Does not include most coastwise and intercoastal ton-miles, about 313 billion ton-miles in 1960, as stated in Bureau of Transport Economics and Statistics Statement No. 6204, *Deep-Sea Domestic Waterborne Traffic, 1956-1960*. An estimate for this traffic by the Corps of Engineers for 1961 is 312 billion ton-miles. A small amount of duplication exists between these and the figures in the table. The data presented in the 75th Annual Report has been revised. Figures in the table include Alaskan and Hawaiian but not deep-sea ton-miles.

4. Interstate Commerce Commission, Bureau of Mines, and other data.

5. Based on Civil Aeronautics Board statistics, Federal Aviation Agency surveys, and other data. Covers domestic except movements over international waters or foreign countries. These figures, as they include, for example, Alaskan and Hawaiian, are not comparable with data in annual reports prior to the 75th. In 1959 there were 646 million ton-miles and 32,366 million passenger-miles excluding Alaska and Hawaii and 739 million ton-miles and 32,566 passenger miles with the new States included.

miles decreased under the 1960 level in 1961, largely because of a decrease of about 13 billion in Great Lakes traffic, offset partly by an increase of around 3 billion on the Mississippi and its tributaries.

Intercity passenger-miles again in 1961 reached a new high by reason of increases in traffic by private automobile and air. Railroads and motor carriers of passengers showed declines in 1961 under 1960, continuing long-term trends. Water-carrier passenger-miles contin-

ued to account for a small part of the total. In terms of percentages of the total, passenger-miles of private automobiles and air increased, while rail and bus shares declined.

The inclusion in the table of Alaskan and Hawaiian data makes little difference in the comparability of the data with previous years, except in the case of air. Pipeline (oil) data are substantially unchanged;² the figures for water carriers have always included the very small Alaskan inland traffic, while the Hawaiian traffic has been deep-sea shipping and therefore excluded. The rail and highway additions have been such as to have had practically no influence on trends.

**LONG-TERM TRENDS: TON-MILES, 1939-61; PASSENGER-MILES, 1949-61;
AND REVENUES, 1947-61**

The charts which follow show the distribution and trends by kind of carrier of three transportation factors—ton-miles for the period 1939-61, passenger-miles for 1949-61, and revenues for 1947-61.

Waterborne ton-miles of carriers in three areas of operation are shown in another chart. The first group of carriers comprises the deep-sea coastwise and intercoastal domestic operators, and those operating deep-sea service in 2 American areas separated from the 48 contiguous States. The second group is the Mississippi River system operators, and the third is the Great Lakes lines. The first group is not included in the domestic waterborne ton-miles in the table at page 12 except to a very limited extent. The estimates of deep-sea ton-miles were computed by the Commission's Bureau of Transport Economics and Statistics from data supplied by the U.S. Maritime Administration. These shipping lines in each instance carry a relatively small number of commodities, such as oil in the deep-sea trade, ore and coal on the Great Lakes, and a short list on the Mississippi. The widest fluctuations appear on the Great Lakes, while the other two have reasonably smooth trends.

Another chart compares the Federal Reserve Board index of industrial production, an index of gross national product less services, and an index of intercity ton-miles. All series are based on the year 1939. Trends are roughly similar, although not all items in the national product groups receive transportation and the production index does not include imports and agricultural products included in the national product and, when transported, in the index of ton-miles.

Reliability, speed, convenience, consist of traffic, circuitry, and some other matters of economic importance are not reflected by ton-miles. The ton-mile unit provides a constant measure in diverse periods, so that regardless of changes in other elements, they can be compared year by year. Rail, pipeline, and highway ton-miles are actual.

² Alaska has 20 miles of pipeline in a total of over 200,000 miles.

Waterborne ton-miles are derived by multiplying the tons in the shipment by distance in miles between origin and destination by the channels used. Air ton-miles are tons multiplied by the short-line distance between origin and destination.

Over the years, the ton-mile totals of the various agencies of transport have followed reasonably well-defined trends. Rail ton-miles increased rapidly from 1939 to a wartime peak in 1944, but thereafter fluctuated generally downward, and in all years since 1944 have been a smaller percentage of the grand total. The 1961 rail level exceeded that of only 3 of 16 postwar years. Pipeline (oil) and highway ton-miles have shown generally upward trends, and each in 1961 established all time records. The waterways and airlines likewise have had generally upward trends, accented since the end of World War II. The greatest gross gain by any agency of transport over 1939 was shown by the rails through 1959, but in 1960 the gain by motor vehicles over 1939 was about equal to that of the rails and in 1961 was greater, in comparison with 1939. The motor carriers started from a much lower base and still carry fewer ton-miles than the rails.

Passenger-miles are shown for the shorter period, 1949-61. Rails and highway passenger-miles are actual, waterborne traffic is computed from channel distances and air is a short-line point-to-point measurement. Again, the basic measurement is a simple physical one in that a passenger carried 1 mile equals 1 passenger-mile. Thus, the comparison between years and agencies is on a constant base. For example, the air passenger moved much faster, in general, in 1961 than in 1949, but in terms of physical movement from point to point the measure used is the same.

The comparison of passenger-miles includes intercity private automobile passenger-miles on a comparable basis throughout the period. The number and increase in these passenger-miles are the outstanding features of the period, as the private automobile continues its dominant position in the field, with about nine-tenths the intercity total by all means. The increase from 1960 to 1961 was small in percentage, but in amount approximately equaled the passenger-miles of rail coach less commutation. Rail and bus passenger-miles showed relatively slight declines, while air showed an increase. Recent bus data available are preliminary and are not comparable with those for earlier years.

The trend toward use of economy means of transport continued in for-hire transport. In scheduled air service in 1960, the coach and economy passenger-miles still were less than first class, 14.4 as against 16.1 billions, while in 1961 the respective figures were 17.1 and 14.0 billions. In rail, the proportionate decline in 1961 from 1960 was greater in parlor and sleeping car passenger-miles, 10.5 percent, than in coach other than commutation, 3.9 percent.

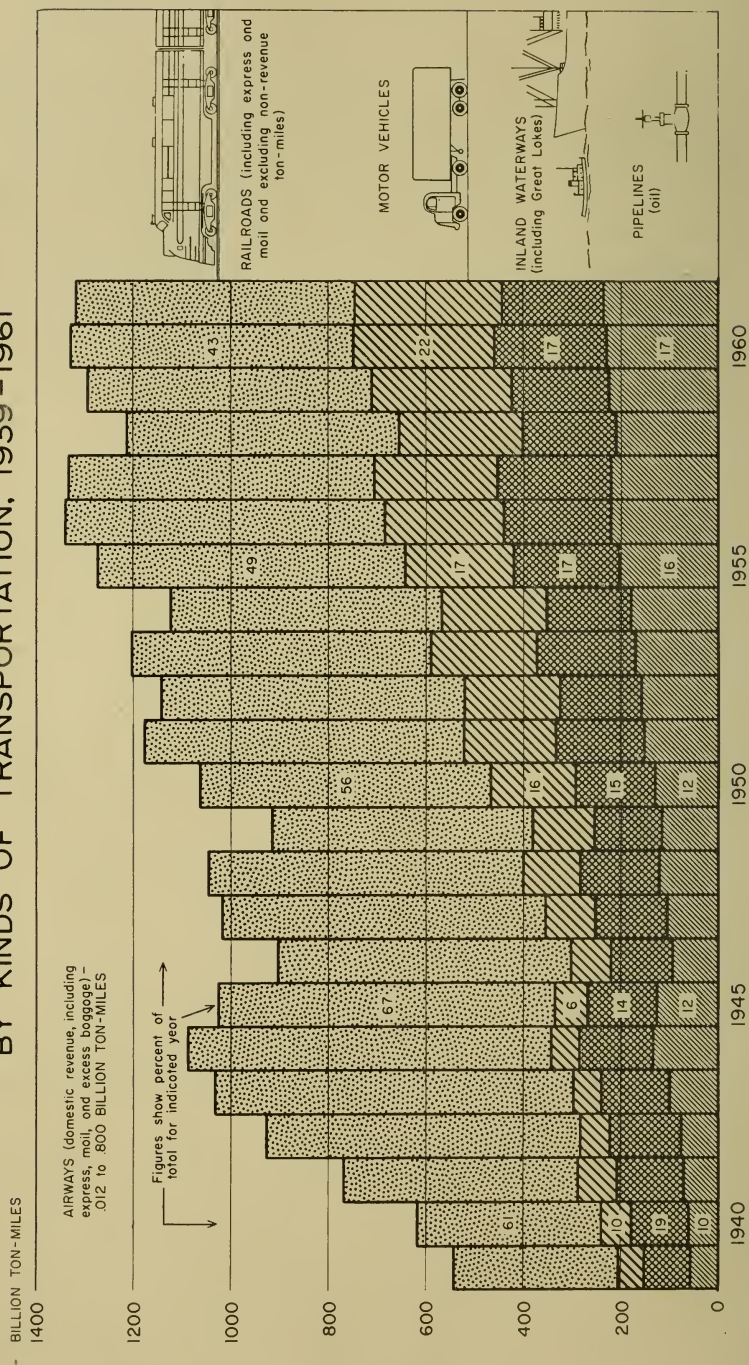
As the total passenger-miles over the years have shown an increase, it is evident new traffic has appeared. The increases by private automobile and air have exceeded declines by rail and bus. Studies have indicated some sporadic success in attracting for-hire passengers from the private automobile, but, overall, the shift to the latter is apparent.

While there has been a generally upward movement since 1947 in the total of combined passenger and property revenues of the carriers subject to the Commission's economic regulation, variations among agencies of transport and from year to year have been great. The Bureau of Labor Statistics wholesale price index stood at 81.2 in 1947 and 100.3 in 1961 (with 1957-59 equaling 100), an increase of 23.5 percent over the years. It can be argued, therefore, that any mode of transport not showing an equal percentage of increase would be in decline in terms of dollars of constant purchasing power. As the motor carriers of property have tripled their revenues in the period, the pipelines (oil) have more than doubled theirs, and the water lines have shown an increase to roughly twice their 1947 revenue level, they have substantially increased their revenues beyond the rise in the index. The railroads, with 1961 revenues in current dollars only about 10 percent above their 1947 level, did not equal the increase in the index. Revenues shown for electric railways, particularly in recent years, have been affected by transfers to the railroad group, by sales and mergers, and by abandonments; hence, the decline has been accentuated. The decrease in sleeping and parlor car passenger-miles, mentioned above, has been accompanied by a decline of lesser proportions in Pullman revenues, as increased rates have countered partially the decline in traffic. Railway Express revenues, after a period of decline, recently have shown some recovery. However, the revenues of all three—electric railways, Pullman, and Express—are well below the 1947 levels.

Airline domestic revenues and national income also are shown in the chart of operating revenue indexes. The revenues of the relatively new air industry show greater expansion than the revenues of any other agency of transportation, but pipelines (oil) and motor carriers of property also show indexes higher than those of national income in recent years.

The effect of the inclusion of Alaska and Hawaii in the past few years has little or no importance in the general trends. Rail figures are raised thereby but only slightly; the difference in revenues in 1960 was an increase of about a tenth of 1 percent. The effect on pipeline data was even smaller, and on motor vehicles it was a fraction of a percent increase. Waterway traffic was unaffected. Air alone increased by a notable amount—646 million ton-miles for 1959, excluding the new States; 739 million including them.

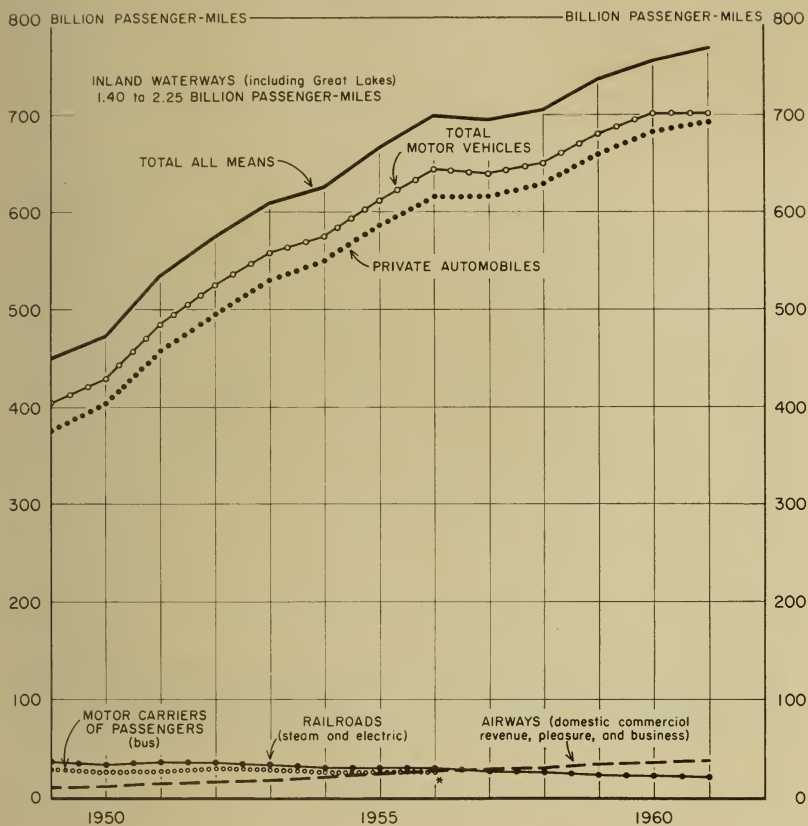
INTERCITY TON-MILES, PUBLIC AND PRIVATE, BY KINDS OF TRANSPORTATION, 1939-1961



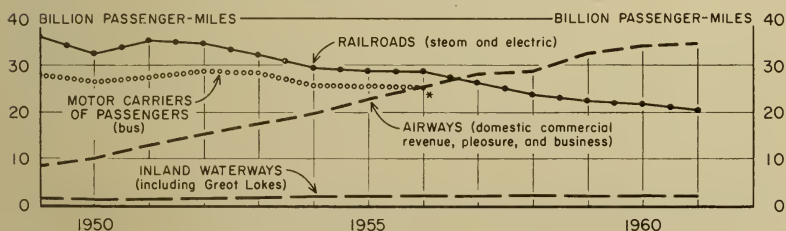
Source 1939-1959, I.C.C., Bureau of Transport Economics and Statistics, Intercity Ton-Miles, 1939-1959, Statement No. 6103;
1960, Annual Report of the Interstate Commerce Commission; 1961, staff estimates.

INTERCITY PASSENGER-MILES, 1949-1961

TOTAL INTERCITY PASSENGER-MILES



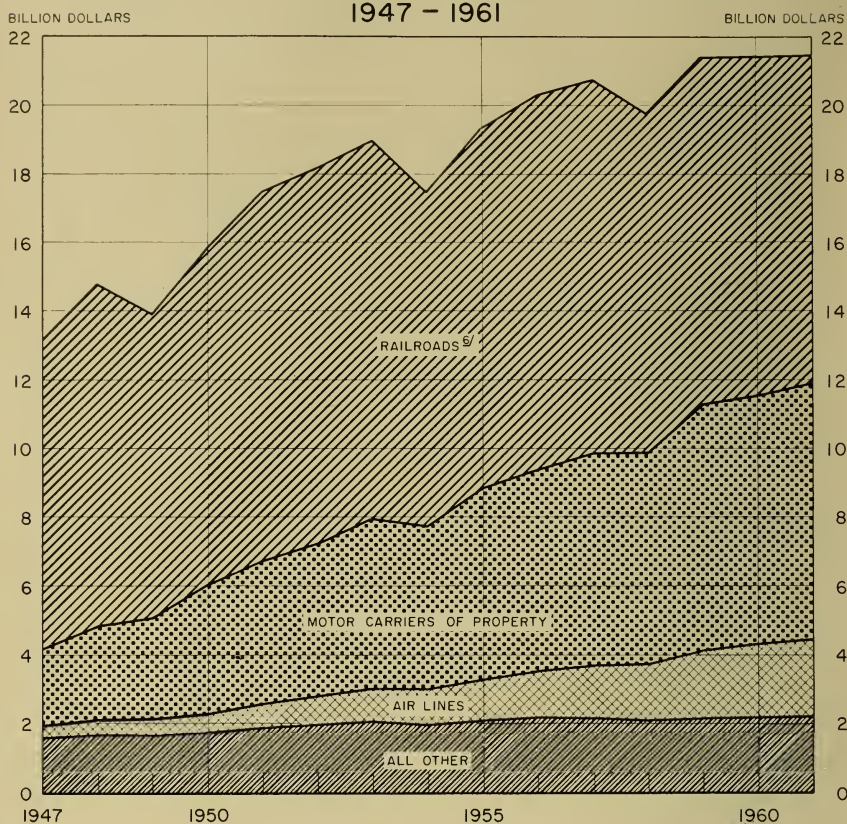
REVENUE INTERCITY PASSENGER-MILES



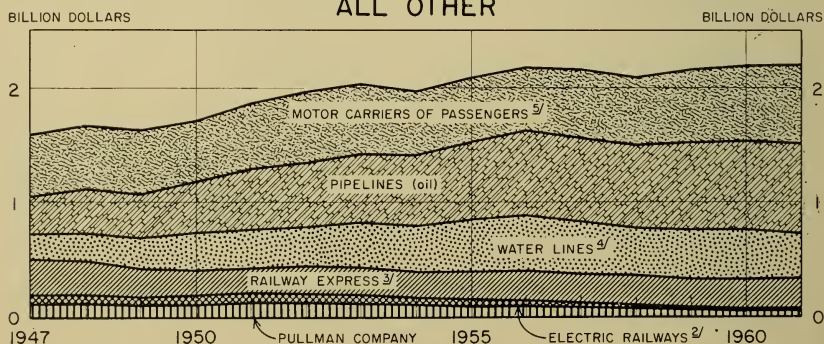
* Data for 1957-1961 on motor carriers not comparable because of change in base.

Source: 1949-1956, I.C.C., Bureau of Transport Economics and Statistics, Intercity Passenger-Miles, 1949-1956, Statement No. 580; 1957-1960, Annual Reports of the Interstate Commerce Commission; 1961, staff estimates

OPERATING REVENUES,^{1/} BY TRANSPORT AGENCY 1947 - 1961



ALL OTHER



¹ Partly estimated.

² Shifts of carriers from electric to line-haul railway classification and partial and complete abandonments have affected the decline by an indeterminate amount.

³ After deducting payments to others for express privileges.

⁴ Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

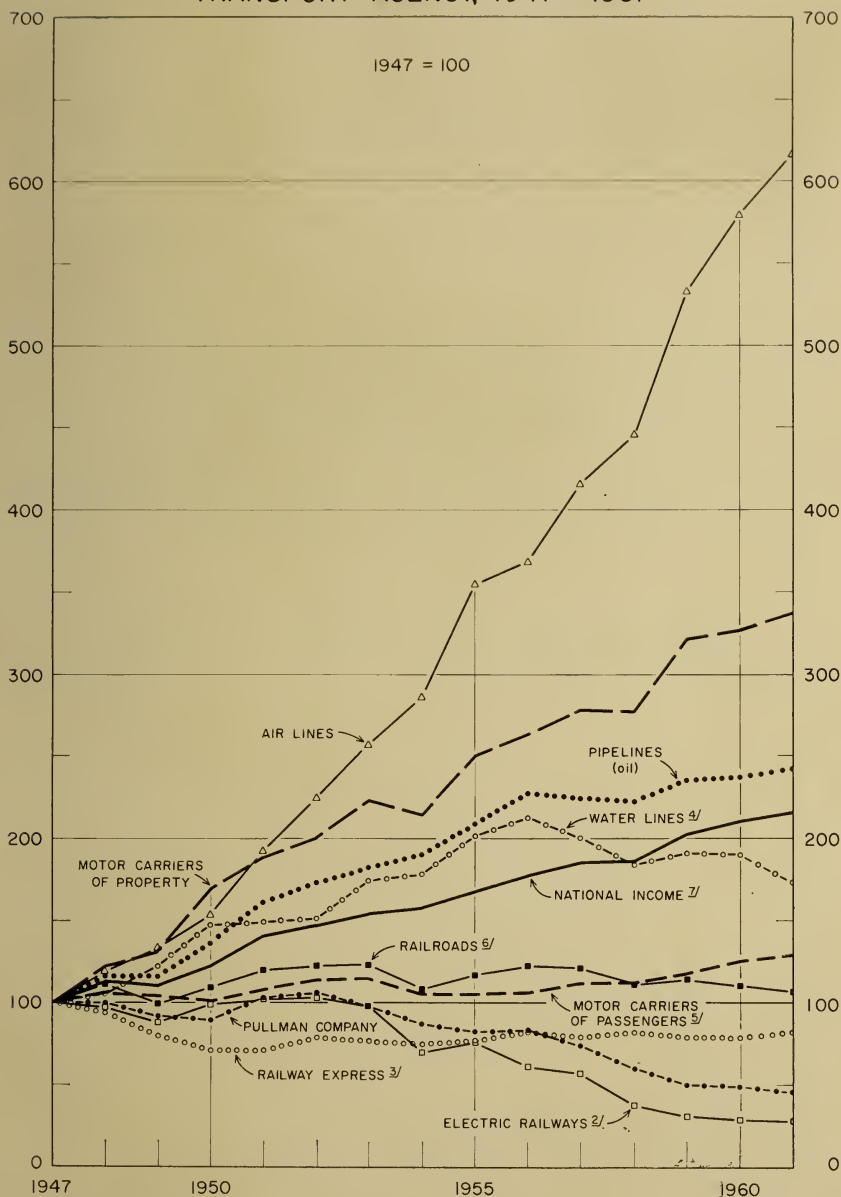
⁵ Does not include motor carrier revenues of electric railways, included under electric railways.

⁶ Includes switching and terminal companies.

Sources: 1947-60 Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1947-56, I.C.C., Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-1956*, Statement No. 589; and 1961, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, not including Alaskan or overseas, but do include the local Hawaiian line within those islands; inclusion of Alaskan revenues would make no perceptible difference in the chart.

SEVENTY-SIXTH ANNUAL REPORT
INDEXES OF OPERATING REVENUES,^{1/} BY
TRANSPORT AGENCY, 1947 - 1961

19



^{1/} Partly estimated.

^{2/} Shifts of carriers from electric to line-haul railway classification and partial and complete abandonments have affected the decline by an indeterminate amount.

^{3/} After deducting payments to others for express privileges.

^{4/} Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

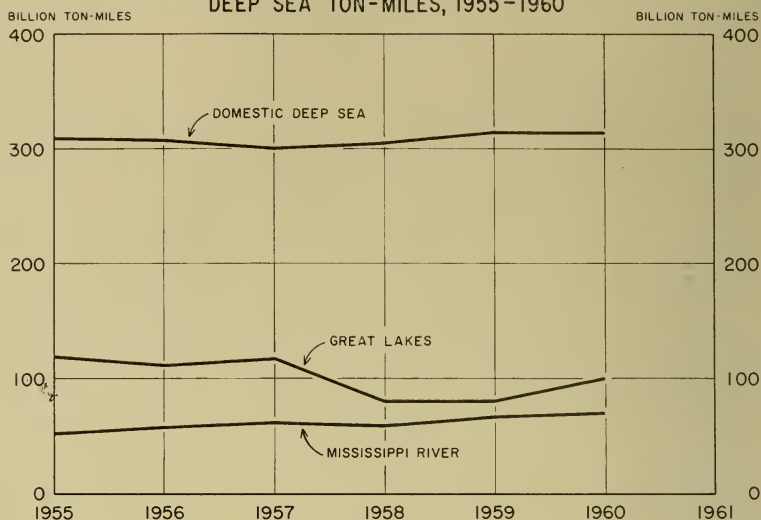
^{5/} Does not include motor carrier revenues of electric railways, included under electric railways.

^{6/} Includes switching and terminal companies.

^{7/} Revised national income. Source: U.S. Department of Commerce, *Survey of Current Business*, July 1962.

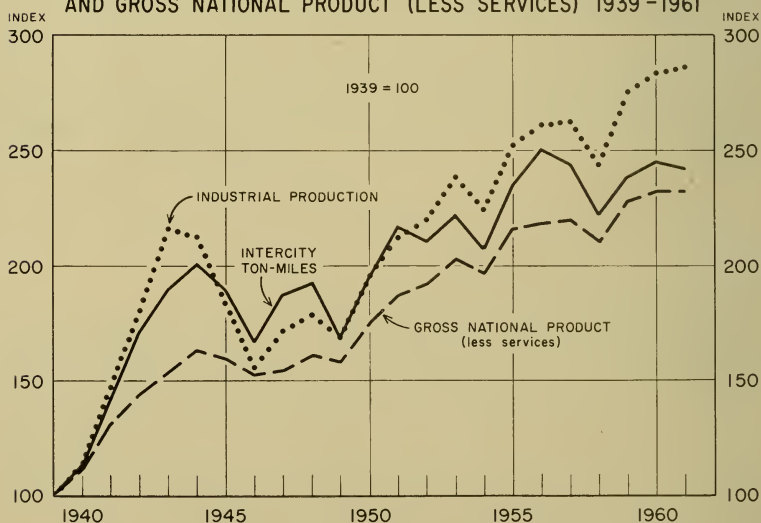
Sources: 1947-60, Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1947-56, I.C.C. Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-1956*, Statement No. 589; and 1961, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, not including Alaskan or oversea, but do include the local Hawaiian line within those islands; inclusion of Alaskan data would make no perceptible difference in the chart.

GREAT LAKES, MISSISSIPPI RIVER, AND DOMESTIC DEEP SEA DEEP SEA TON-MILES, 1955-1960



Source: Office of Engineers, Maritime Administration, and Interstate Commerce Commission.

INDEXES OF INTERCITY TON-MILES, INDUSTRIAL PRODUCTION, AND GROSS NATIONAL PRODUCT (LESS SERVICES) 1939-1961



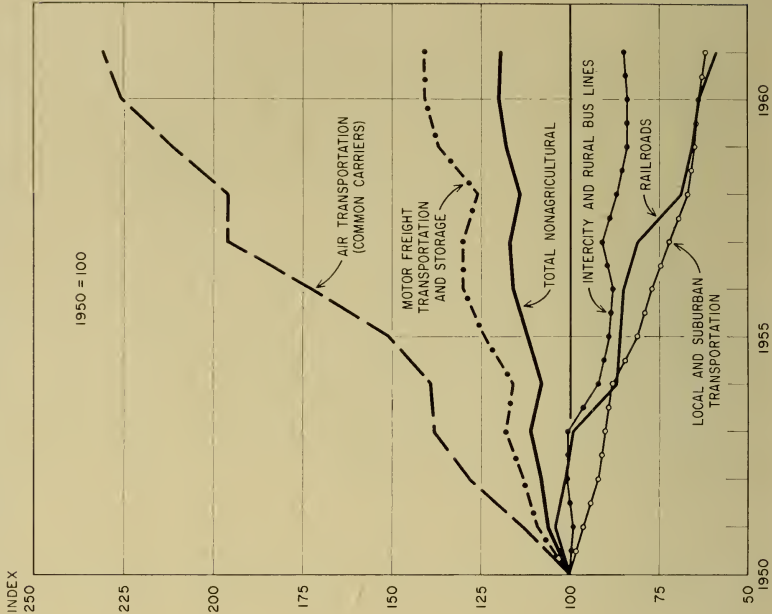
Source: Federal Reserve Board, Office of Business Economics, and Interstate Commerce Commission.

EMPLOYMENT TRENDS, 1950-61

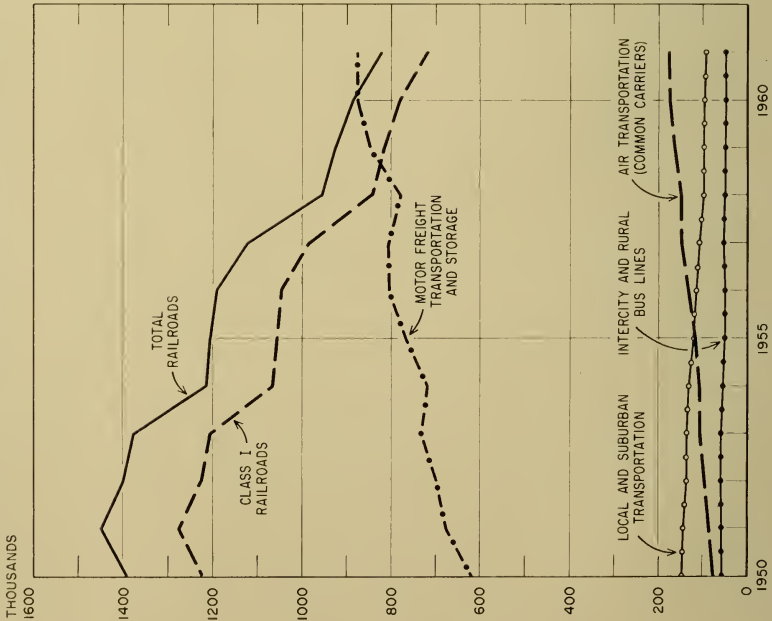
The first chart which follows shows total employment by line-haul railroads and certain services allied to such transportation, in local and suburban transportation, in motor freight transportation and storage, by intercity and rural buslines, and in common carrier air transportation. The absolute data have been reduced to indexes and are shown on the second chart in that form, using the year 1950 as the base. An index for total nonagricultural employment is included on this chart to permit comparison of transportation and industrial trends.

The trends have been downward for the railroads and the other transportation data series except for truck and air, which two have increased somewhat faster than the curve for total nonagricultural employment. Pipelines, not including natural gas, are not represented on the charts; employment in this field has shown a fluctuating but a general tendency to decline since 1956, which is the earliest year for which the information is available.

INDEXES OF TOTAL NONAGRICULTURAL EMPLOYMENT AND EMPLOYMENT IN TRANSPORTATION DIVISIONS, 1950 - 1961



EMPLOYMENT IN TRANSPORTATION DIVISIONS, 1950 - 1961



Source: I.C.C., Bureau of Transport Economics and Statistics, Transport Economics, July 1962

CLASS I LINE-HAUL RAILROADS

In 1961, operating revenues of \$9,189 million for class I line-haul railroads were 3.4 percent less than the \$9,517 million in the preceding calendar year. Revenues were lower in 1961 for all types of traffic except mail, which increased 3.1 percent. (See app. B, table A, for 1960 and 1961 data.) Operating expenses decreased 3.9 percent to \$7,274 million, and the operating ratio was down from 79.5 to 79.2 percent. Tax accruals of \$991 million were 0.8 percent lower than in 1960, while interest, rents, and other deductions amounting to \$477 million were 1.7 percent less than the \$485 million shown for such expenses in the earlier year. Net railway operating income, \$538 million, was 8.1 percent lower, and "other" income of \$322 million decreased 6.9 percent. Net income amounting to \$382 million was 14.2 percent under that reported for 1960.

The appendix table shows a moderate improvement in operations during the first half of 1962 over the like period of 1961. Results for the 6 months of 1962, however, did not reach the level of operations in 1960. (See Seventy-Fifth Annual Report, appendix B, table A.) Operating revenues, January-June 1962, were \$4,704 million, an increase of 6.5 percent over the 6-month period of 1961, and comprised the following: Increases in freight revenues of 7.4 percent; in mail revenues of 1.4 percent; in express revenues of 0.3 percent; in "other" revenues of 6.4 percent; and a decrease in passenger revenues of 0.9 percent. Railway operating expenses in the 1962 period rose 3.3 percent to \$3,713 million, and included increases in maintenance of way and structures of 5.7 percent; maintenance of equipment, 6.1 percent; traffic expenses, 0.2 percent; and transportation expenses, 2.1 percent. "Other" expenses decreased 1.7 percent and general expenses, 0.4 percent. The operating ratio was 78.9 percent as compared with 81.4 percent in the corresponding 6 months of 1961. Net railway operating income, January-June 1962, increased 82.0 percent to \$265 million and net income rose 177.9 percent to \$171.2 million.

The accompanying table of current assets and current liabilities shows that the financial position of the railroads at the end of June 1962 was slightly better than on the same date in 1961. Current assets increased 5.0 percent to \$2,879 million from \$2,741 million. Cash and temporary cash investments rose from \$1,313 million to \$1,458 million, or by 11.0 percent; these amounts comprised 47.9 percent of total current assets in mid-1961 and 50.6 percent in mid-1962. The comparable ratios for the same dates in 1959 and 1960 were 52.1 and 50.9 percent, respectively. A moderate decrease was shown in the materials and supplies account from \$528 million in 1961 to \$502 million in 1962. Total current liabilities increased 4.6 percent from \$1,896 million to \$1,983 million. Net working capital, including materials

Current assets and current liabilities, class I line-haul railroads as of June 30

Item	1959	1960		1961 ¹		1962	
	Amount	Amount	Percent change from 1959	Amount	Percent change from 1959	Amount	Percent change from 1959
Total current assets.....	<i>Millions</i> \$3, 172	<i>Millions</i> \$3, 053	-3. 8	<i>Millions</i> \$2, 741	-13. 6	<i>Millions</i> \$2, 879	-9. 2
Cash and temporary cash investments.....	1, 652	1, 553	-6. 0	1, 313	-20. 5	1, 458	-11. 7
Materials and supplies.....	607	600	-1. 2	528	-13. 0	502	-17. 3
Total current liabilities.....	1, 783	1, 839	+3. 1	1, 896	+6. 3	1, 983	+11. 2
Net working capital:							
Including materials and supplies.....	1, 389	1, 214	-12. 6	845	-39. 2	896	-35. 5
Excluding materials and supplies.....	782	614	-21. 6	317	-59. 5	394	-49. 6
<i>Ratios</i>							
Current assets to current liabilities:							
Including materials and supplies.....	1. 78	1. 66	-----	1. 45	-----	1. 45	-----
Excluding materials and supplies.....	1. 44	1. 33	-----	1. 17	-----	1. 20	-----
Cash and temporary cash investments to current liabilities.....	0. 93	0. 84	-----	0. 69	-----	0. 74	-----

¹ Revised.

and supplies, rose from \$845 million to \$896 million. The ratio of current assets to current liabilities, including materials and supplies, stood at the same level on June 30 for the two years; excluding material and supplies, however, the ratio was more favorable on June 30, 1962. The ratio of cash and temporary cash investments to current liabilities also indicated improvement, with a rise from 0.69 to 0.74 on the mid-year dates.

The condensed income account below shows that class I line-haul railroads received revenue and other income of \$9,511 million in the calendar year 1961, a decrease of 3.5 percent under the amount received in 1960. Deductions in 1961 for materials, depreciation, other expenses (except wages and salaries), and taxes totaled \$4,226 million, or 1.0 percent under the amount for the preceding year. There remained \$5,285 million for employees and investors, of which the employees' share was \$4,425 million, or 83.7 percent, and that of the investors, \$860 million, or 16.3 percent. The employees' share was 5.1 percent and that of the investors 7.5 percent under comparable amounts in 1960.

After taking into account rent for leased roads, interest on obligations, and other deductions, \$382 million, or 44.4 percent, of the total investors' share remained for dividends and surplus, a decrease of 14.2 percent under 1960 and of 41.2 percent under 1955. The comparable amount for 1955, the largest for the past decade, represented almost two-thirds of the total share for investors in that year. In subsequent years, the absolute amount available for dividends and

Condensed income account—class I line-haul railroads

	Calendar year				12 months ended with June 30, 1962
	1958	1959	1960	1961	
	Millions \$9, 897	Millions \$10, 140	Millions \$9, 861	Millions \$9, 511	Millions \$9, 783
Revenue and other income.....					
Cost of materials, depreciations, and other expenses, except wages and salaries.....	3, 126	3, 270	3, 271	3, 235	3, 364
Taxes, including income, profits, and payroll.....	957	1, 048	999	991	1, 041
Total deductions.....	4, 083	4, 318	4, 270	4, 226	4, 405
Remainder for employees and investors.....	5, 814	5, 822	5, 591	5, 285	5, 378
Wages and salaries ¹	4, 719	4, 760	4, 661	4, 425	4, 413
Investors' share:					
Rent for leased roads ²	55	54	51	48	48
Interest on obligations.....	373	369	367	364	³ 363
Other deductions ⁴	66	62	67	66	62
For dividends and surplus.....	601	577	445	382	492
Total.....	1, 095	1, 062	930	860	965
Percent wages and salaries.....	81. 2	81. 8	83. 4	83. 7	82. 1
Percent investors' share.....	18. 8	18. 2	16. 6	16. 3	17. 9

¹ Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 12 months ended June 30, 1962, \$375; year 1961, \$364; 1960, \$394; 1959, \$374; and 1958, \$316.

² Represents largely intercompany payments among railroads in the form of interest and dividends.

³ Partly estimated.

⁴ Miscellaneous deductions from income applicable to "other income" shown, contingent charges (capital and other funds), and amortization of discount on funded debt.

surplus has decreased year by year with an accompanying decline in the ratio this amount bears to the total investors' share.

Income and expenses for the 12-month period ended June 30, 1962, are shown in the last column of the table. Revenues and other income of \$9,783 million were 2.9 percent above those for calendar 1961. After taking into account all expenses and taxes, the amount available for dividends and surplus of \$492 million was 28.8 percent greater than the \$382 million available for calendar year 1961.

Selected operating statistics for freight and passenger service of class I line-haul railroads for the years 1960 and 1961, and for the first 6 months of 1961 and 1962 are shown in table B, appendix B. The average miles of road operated in freight service declined 0.2 percent, from 219,387 miles in 1960 to 218,866 in 1961. This decline was somewhat less than the yearly average over the last 10 years.

Ton-miles of revenue freight went down to 563 billion in 1961, or by 1.6 percent, and tons of revenue freight originated declined to 1.19 billion, or 3.8 percent.

Revenue per ton-mile again decreased, from 1.40 cents in 1960 to 1.37 cents in 1961. This average was slightly below that for the 10 years 1951-60. The length of the average freight haul (per railroad) increased about 6 miles to 256.2 in 1961, which was about 10 percent longer than a decade ago. The average load per car (net ton-miles per loaded car-mile) rose to a new high of 34.7 tons, about 7 percent greater than in 1952.

The average length of freight trains continued to increase (freight car-miles per train-mile—total). In 1961 the average was 71.0 cars, compared with 70.2 cars in 1960. Freight train speed increased from 19.5 to 19.9 miles per hour (train-miles per train-hour (average)). Gross ton-miles per train-hour, which have been increasing with the trend toward more powerful diesel locomotives, rose 4.0 percent to 65,621. The percent loaded of total freight car-miles fell from 61.4 in 1960 to 61.2 in 1961. The trend in this item has been downward since the end of World War II; in 1961 the percentage was the lowest since 1934, with the exception of 1958.

Freight car utilization, indicated by car-miles per car-day, was 40.1 as compared with 40.9 for 1960. Based on an average freight-train speed of 19.9 miles per hour, average car-miles per car-day of 40.1, and percent loaded of total freight car-miles (61.2), it is estimated that the average freight car in 1961 was loaded and moving in freight trains only 74 minutes each day as compared with 77 minutes in 1960.

The percentage of total freight locomotives which were unserviceable was reduced to 7.1 in 1961, the best showing in the past 10 years. For freight cars the percent unserviceable was 8.2, a slight increase over 1960, but considerably higher than the average for the 1951-60 period.

Total revenue ton-miles increased 9.8 percent during the first 6 months of 1962 over the same period of 1961, and total revenue freight carried rose 9.6 percent. Loaded freight car-miles were up from 61.0 to 61.3 percent of the total. In the same period some of the indexes of operating efficiency continued their long-term improvement, especially gross ton-miles per train-mile and gross ton-miles per train-hour. The percentage of unserviceable freight cars, taking into account all cars on line, decreased from 8.3 for the first half of 1961 to 7.5 for the first half of 1962.

Passenger service trends of recent years continued in 1961. Miles of road operated in this service, 89,120, were fewer by 4.8 percent. The number of revenue passengers carried decreased by 2.7 percent; revenue passenger-miles, by 4.6 percent.

Revenue per passenger-mile (excluding commutation) rose from 3.03 cents in 1960 to 3.08 cents in 1961. Including commuters, passenger-mile revenue increased from 3.01 cents to 3.08 cents.

Passenger train-miles decreased 5.3 percent and car-miles declined 5.8 percent in 1961. The average passenger train, which had tended to become longer, decreased from 10.26 to 10.21 cars per train. The average speed of passenger trains increased—as it has been doing in recent years—from 40.7 to 40.9 miles per hour. This rising average appears to have been due to discontinuance of slower secondary trains rather than to increased speed of trains.

In the first half of 1962, compared with the first half of 1961, average miles of road operated in passenger service declined 4.2 percent to 86,465 and total passenger-miles decreased 1.8 percent to 9,498 million. Revenue per passenger-mile, including commuters, increased 1 percent and 0.6 percent excluding them. Average train speed was 40.9 miles per hour for the two periods. The percentages representing unserviceable passenger locomotives and cars increased.

PRIVATE CAR LINES

Of the 177 private car lines owning 10 or more cars which filed reports for 1961, 33 had 1,000 or more cars each. Total operating revenues of \$435.5 million were earned during the year, up 2.2 percent from 1960.

These firms, with net investment in transportation property of \$1,281.7 million, owned or controlled 322,573 cars, 1,066 more than in 1960. Of the total, 80,565 were refrigerator cars, 129,541 petroleum tank cars, 27,058 other tank cars, and 85,409 other type cars, including box, gondola, open-top hopper, and TOFC. An increase of 51,486 in the number of petroleum tank cars and a decrease of 53,866 in the number of other tank cars contrasted with net changes of fewer than 9,500 cars in each of the other categories.

In 1961, over three-quarters of the refrigerator cars were operated by eight railroad owned or controlled refrigerator car lines. Their 61,916 cars, 4,264 less than in 1960, along with 796 "other" cars, produced 2,181.1 million car-miles, 40.6 percent of the total car mileage of 5,376.0 million for all private car lines. The railroad-affiliated companies earned operating revenues of \$138.0 million in 1961, down 2.3 percent from 1960; their property and equipment represented a net investment of \$310.7 million. These companies produced 31.7 percent of the private car line revenues and accounted for 24.2 percent of the total investment; both measures showed percentage-point declines from the previous year.

MOTOR CARRIERS OF PROPERTY

Estimated operating revenues of class I, class II, and class III motor carriers of property in the calendar year 1961, aggregating \$7,463 million, increased 3.45 percent over the estimate of \$7,214 million for 1960. Revenues of 965 class I motor carriers of property engaged in intercity service accounted for 66.2 percent of the total for the three classes of carriers in 1961 and for 67.2 percent in 1960.

Quarterly reports of 965 class I carriers show a record \$4,937 million of revenues in 1961, an increase of 1.8 percent over the \$4,848 million reported by a like number of carriers in 1960. An increase of only 0.4 percent in expenses accompanying the 1.8-percent rise in revenues resulted in an improvement in the operating ratio, which de-

clined 1.4 points to 96.0 percent. Revenues for the first quarter of 1961, in which the low point in the 1960-61 business recession occurred, were 6.8 percent below the first quarter of 1960 and 9.6 percent under the last quarter of 1960. Improvement in revenues began in the second quarter of 1961 and continued through the remainder of the year; the fourth quarter showed a gain of 8.5 percent over the level for the comparable period a year earlier.

These class I carriers of property experienced a deficit in net income after income taxes in the final quarter of 1960 and again in the first quarter of 1961. The last three quarters, however, brought a net gain in 1961 of \$49.4 million (125.3 percent) above the \$39.4 million of net income shown in the year 1960. The operating ratio for the second, third, and fourth quarters was lower in each instance than the ratio for the corresponding quarter of the earlier year.

By geographical areas, 1961 operating revenues increased 0.4 percent in the eastern district, 6.7 percent in the southern region, and 2.0 percent in the western district over the revenues for 1960. All regions except the central, the midwestern, and the Pacific reported higher revenues in 1961 than in 1960. All districts and regions in 1961 reported lower operating ratios and increases in net income after taxes. The greatest increase in net income, from \$15.0 million to \$39.4 million (163.2 percent), was reported for carriers in the western district; the increase in the eastern district was from \$17.9 million to \$37.3 million (108.0 percent), and in the southern region, from \$6.5 million to \$12.2 million (85.9 percent). The average operating ratio for carriers in the western district declined from 96.8 to 95.2 percent; for carriers in the eastern district, the decline was from 97.9 to 96.7 percent; and for those in the southern region, the change was from 97.1 to 95.4 percent.

The improvement in revenues of class I intercity carriers of property, which began in the second quarter of 1961, continued through the first quarter of 1962, and to a lesser degree during the second quarter of this year. In the first half of 1962, revenues were \$2,629 million, an increase of 12.2 percent over the corresponding period of 1961. The operating ratio changed from 96.5 percent to 95.8 percent, and net income after income taxes was 54.3 percent higher in 1962. Comparisons of operating results in the first half of 1962 with the like period of 1961, by geographical areas, show the following: In the eastern district, revenues increased 13.4 percent, net income after income taxes 144.1 percent, with a decline in operating ratio from 97.6 percent to 96.2 percent; in the southern region, revenues increased 16.1 percent, net income after income taxes of \$10.7 million was up 159.1 percent, with the operating ratio showing improvement of 1.7 points, from 95.8 percent to 94.1 percent; in the western district, revenues of the carriers were 8.8 percent greater, but net income after income taxes

of \$13.7 million represented a decrease of 19.6 percent, and the operating ratio rose from 95.0 percent to 96.0 percent.

Tons of revenue freight transported by intercity carriers in the first 6 months of 1962, amounting to 155.9 million, were 11.0 percent above the volume handled in the corresponding period of 1961. All three geographical areas showed an improved level of revenue freight transported compared with the 1961 period.

The three groups of class I intercity carriers of property, by type of operation, participated in revenues, expenses, income, and traffic for the year 1961, as follows:

Item	Common carriers of general com- modities	Common carriers of special com- modities	Contract carriers
	<i>Percent of total</i>	<i>Percent of total</i>	<i>Percent of total</i>
Number of carriers represented.....	58.7	35.4	5.9
Operating revenues.....	70.4	26.0	3.6
Expenses.....	70.2	26.3	3.5
Net income after income taxes.....	72.8	22.3	4.9
Truck and tractor miles operated.....	59.1	35.4	5.5
Tons of revenue freight transported.....	50.5	44.4	5.1

For 1961, 566 interstate common carriers of general commodities, in the aggregate, reported \$3,474.1 million in revenues, an increase of 4.8 percent over the amount of 1960. Expenses increased only 2.5 percent to \$3,326.8 million in 1961, with the result that the operating ratio declined 2.1 points to 95.8 percent. Reported net income after income taxes was 4.4 times the amount of \$14.6 million in 1960. These carriers transported 0.5 percent more tons of revenue freight in 1961 than in 1960. All districts and regions shared in the general improvement experienced by this group, though not in the same degree.

Common carriers of special commodities (342) reported \$1,286.7 million of revenues in 1961, a decrease of 3.4 percent under the amount for the preceding year. The larger than proportionate decline in expenses lowered the operating ratio from 97.0 to 96.9 percent. Net income after taxes increased 4.3 percent to \$19.9 million. The number of tons of revenue freight carried rose 1.4 percent. By subgroupings of special commodities, movers of household goods (39), carriers of heavy machinery (11), of refrigerated solid products (29), of agricultural commodities (11), and of building materials (8), reflected improvement in operating ratios and in net income after taxes, 1961 over 1960. Reports of carriers of liquid petroleum products (69), of refrigerated liquid products (2), of motor vehicles (48), and of explosives or dangerous articles (2) reflected higher operating ratios and decreases in net income after taxes, when results of 1961 are compared with 1960. The one carrier of "mine ores, not including coal"

reported the lowest operating ratios of any subgroup when the 2 years are compared. The operating ratio, however, rose 8.0 percentage points, from 84.5 to 92.5 percent, yet income after taxes was \$263,115 in 1961 versus a deficit of \$141,367 in 1960.

Operating revenues of 57 contract carriers were down 11.6 percent to \$176.7 million, and expenses decreased 10.2 percent to \$168.0 million in 1961, with the result that the operating ratio rose from 93.6 percent in 1960 to 95.1 percent. Net income after taxes dropped 25.1 percent to \$4.3 million. Tons of revenue freight were down 3.5 percent and vehicle-miles decreased 16.8 percent.

Operating revenues of 101 local motor carriers of property increased 16.8 percent in 1961 to \$387.0 million while expenses increased 16.0 percent, resulting in a concurrent decline in the operating ratio from 97.4 to 96.7 percent. Net income after income taxes rose 16.8 percent to \$7.7 million.

MOTOR CARRIERS OF PASSENGERS

According to the quarterly reports of 203 class I motor carriers of passengers (141 intercity carriers and 62 local or suburban carriers), total operating revenues rose 4.1 percent from 1960 to \$611.1 million in calendar year 1961. Total operating expenses increased 3.9 percent to \$544.8 million in the same period, resulting in a decrease in the operating ratio from 89.3 in 1960 to 89.1 percent in 1961.

Passenger revenue from intercity schedules of the intercity and local carriers increased 4.1 percent in 1961, compared with an 0.8-percent increase from local and suburban schedules. Charter or special service passenger revenue rose 5.9 percent to \$60.9 million and accounted for 10.0 percent of total operating revenues in 1961. Charter revenue of the intercity carriers increased 5.5 percent and accounted for 7.9 percent of their total operating revenues. In comparison, charter revenue of the local carriers rose 6.5 percent and amounted to 17.7 percent of their operating revenues.

The 141 intercity carriers showed a 4.4-percent rise in total operating revenues to \$481.9 million in 1961, and an increase of 3.9 percent in total operating expenses to \$419.0 million. As a result, their operating ratio decreased from 87.4 percent in 1960 to 87.0 percent. Total operating revenues of the local or suburban carriers increased to \$129.2 million, 2.8 percent over 1960, while total operating expenses rose 4.0 percent of \$125.7 million, resulting in an increase in operating ratio from 96.2 percent for 1960 to 97.3 percent for 1961.

Improvements were made in the operating ratios of intercity carriers in four regions in 1961. The largest decrease was in the southwestern region, where the ratio declined 3.4 percentage points (from 87.6 to 84.2 percent). Decreases of 1.1 percentage points (from 85.4 to 84.3 percent) and 0.9 percentage point (from 89.7 to 88.8 percent)

occurred in the northwestern and Rocky Mountain regions, respectively. A small improvement was made in the operating ratio in the southern region, which showed a decrease of 0.2 percentage point from 85.1 in 1960 to 84.9 percent in 1961. Increases were made in the operating ratio in four regions, varying moderately from 0.1 percentage point in two regions (from 92.5 to 92.6 percent and 89.6 to 89.7 percent in the New England and midwestern regions, respectively) to 0.8 percentage point (from 86.8 to 87.6 percent) in the central region. An increase of 0.7 percentage point (from 93.8 to 94.5 percent) took place in the middle Atlantic region. The operating ratio in the Pacific region remained 85.8 percent for both years.

Reports of the 141 intercity and 62 local or suburban carriers showed a 2.2-percent decline in the number of revenue passengers carried—from 743.1 million in 1960 to 726.9 million in 1961. This decrease compares with a 0.8-percent decline in 1960. (The latter decline was based on the quarterly reports of 198 identical carriers for 1959 and 1960.) Although the number of revenue passengers carried in intercity service by the intercity and local carriers decreased 0.9 percent to 173.8 million, and the number in local and suburban service decreased 3.1 percent to 510.2 million in 1961, the number of revenue passengers carried in charter or special service continued to increase and registered a rise of 3.5 percent to 42.8 million.

A 1.6-percent increase in the number of revenue passengers transported by the intercity carriers in charter or special service to 14.1 million contrasted with a 1.3-percent decrease in the number carried in intercity service to 159.3 million and a 2.8-percent decrease in the number carried in local and suburban service to 52.0 million. As a result, the total number of revenue passengers transported by the intercity carriers in all services dropped 1.5 percent to 225.4 million in 1961.

Six regions registered losses in the number of revenue passengers carried by the intercity carriers in intercity service in 1961, while the other three regions recorded gains. Losses ranged from 18,198 passengers (down 3.6 percent) in the northwestern region to 1.1 million (2.5 percent below 1960) in the southern region. Next to the northwestern region the greatest relative decrease took place in the central region, which experienced a 2.8-percent or 861,128-passenger loss. The smallest relative loss occurred in the Rocky Mountain region, which had 20,624 fewer passengers, 0.9 percent under 1960. The New England and middle Atlantic regions showed respective losses of 91,877 (down 1.8 percent) and 282,411 passengers (1.0 percent under 1960). The greatest increase in the number of revenue passengers carried was in the midwestern region, which accounted for an increase of 173,390, or 6.2 percent over 1960. The two remaining regions, the

southwestern and Pacific, showed gains of 134,886 (up 0.5 percent) and 34,830 (0.2 percent over 1960), respectively.

The number of revenue passengers carried by local or suburban carriers decreased 2.5 percent to 501.5 million in 1961. This decline resulted from the 3.1-percent loss to 458.2 million in the number of revenue passengers carried in local and suburban service, notwithstanding gains in intercity and charter service in the same period. The number of revenue passengers carried by local carriers in intercity service rose 2.9 percent to 14.6 million, while the number carried in charter or special service increased 4.5 percent to 28.7 million. Losses in the number of revenue passengers carried in local and suburban service by the local or suburban carriers were suffered in all regions in which such service was reported in 1961 except the southern region, which showed a small gain of 0.2 percent. The greatest loss in the number of passengers took place in the middle Atlantic region, which experienced a decrease of 7.0 million passengers, 2.3 percent below 1960, although the greatest relative loss was shown in the mid-western region, which reported a 16.0-percent decline in passengers. The second greatest decrease in number occurred in the New England region, which suffered a loss of 5.9 million, or 6.3 percent. The two remaining regions, the central and Pacific, had decreases of 3.9 and 8.3 percent, respectively. Of the four regions reporting revenue passengers carried in intercity service by local carriers, three showed increases in the number carried in 1961, while the fourth, the southern region, suffered a 25.3-percent decrease. The largest increase in the number carried was in the middle Atlantic region, which accounted for a rise of 416,003, up 3.0 percent. The New England region showed the greatest percentage increase—15.0 percent—representing a rise of 28,368 passengers. The other increase was in the central region—7.4 percent over 1960.

For the first half of 1962, the total operating revenues of 208 class I motor carriers of passengers rose 7.2 percent over the first half of 1961 to \$301.4 million. As a result of a 4.7-percent rise in total operating expenses to \$275.4 million in the first 6 months of 1962, the operating ratio decreased to 91.4 percent as compared with 93.6 percent in the corresponding period of 1961. The number of revenue passengers carried in intercity service increased 1.7 percent to 82.8 million. The number carried in charter or special service rose 4.9 percent to 23.6 million in the first half of 1962 over the first 6 months of 1961. The total number of revenue passengers decreased 2.1 percent, however, as a result of a decline of 3.9 percent in the number of revenue passengers carried in local and suburban service to 250.3 million in the first half of 1962.

See "Small Shipments" below for data regarding package express service of motor carriers of passengers.

WATER CARRIERS

As compiled from the annual reports of 68 class A and 31 class B carriers, operating revenues of carriers by inland and coastal waterways which report to the Commission decreased 3.6 percent from the \$255.4 million reported by 73 class A and 32 class B carriers³ in calendar year 1960 to \$246.2 million in 1961. (Class A and class B water carriers are those having average annual operating revenues over \$500,000, and over \$100,000 but not more than \$500,000, respectively.) Operating expenses decreased 5.0 percent to \$222.6 million in 1961, resulting in an improvement in operating ratio from 91.73 in 1960 to 90.42 percent. The operating ratio of class A carriers, which accounted for 96.7 percent of combined A and B operating revenues and 96.4 percent of combined A and B operating expenses in 1961, decreased from 91.51 percent in 1960 to 90.14 percent in 1961. Class B carriers showed a slight drop in operating ratio from 98.60 percent in 1960 to 98.55 percent in 1961.

Freight revenues of \$173.2 million, 5.3 percent under 1960, were reported in 1961 by the class A and class B carriers for transporting 101.8 million tons of revenue freight, which tonnage was 2.5 percent less than that transported in 1960. The principal declines in freight revenues by navigation area occurred in the Great Lakes and the Atlantic and gulf coasts areas, which showed respective decreases in 1961 of \$5.9 million and \$2.8 million, or 15.7 and 11.9 percent, respectively. The Mississippi River and tributaries area, which in 1961 accounted for 56.2 percent of the freight revenues for all navigation areas, showed a decrease of only 0.6 percent, or approximately \$606,000. A decrease of \$446,095, or 1.9 percent, was registered by the Pacific coast area. As in 1960, no freight revenues were reported by the intercoastal operator.

These class A and class B carriers showed decreases in the number of tons of revenue freight carried in 1961 in all active navigation areas except the Mississippi River and tributaries sector. An increase of 3.1 million tons, or 6.0 percent, over 1960 was shown for the Mississippi River and tributaries area, which accounted for 52.8 percent of revenue tons carried in all areas in 1961. Tons of revenue freight carried decreased 1.6 million and 3.4 million tons, or 14.8 percent and 13.1 percent, in the Atlantic and gulf coasts area and the Great Lakes area, respectively. The smallest decrease was in the Pacific coast area, which registered a drop of 603,398 tons, or 3.6 percent.

³ The decrease in the number of class A and class B carriers from 1960 to 1961 was accounted for by reclassification of carriers, mergers, et cetera. For example, there were five fewer class A carriers in 1961 as a result of the reclassification of two carriers from A to B and the incorporation of three carriers into other existing class A carriers by merger or acquisition of control.

Passenger revenues and the number of revenue passengers carried by the class A and class B carriers declined 3.7 percent to \$8.0 million and 19.7 percent to 2.7 million, respectively, in 1961. Class A carriers, accounting for 90.1 percent and 59.0 percent of the combined class A and class B passenger revenues and number of revenue passengers, respectively, in 1961, showed a decrease of 4.5 percent to \$7.2 million in passenger revenues and a decrease of 22.5 percent to 1.6 million in the number of revenue passengers carried. Class B carriers experienced a 15.3-percent decline in revenue passengers carried in 1961, but gained 4.0 percent in passenger revenues. Passenger revenues of class A carriers decreased in all navigation areas except the Pacific coast area, which had a 5.5-percent increase. The greatest losses in passenger revenues of class A carriers were recorded in the Great Lakes and Mississippi River tributaries areas, which showed decreases of 6.9 and 7.9 percent, respectively. Corresponding decreases in the number of revenue passengers of the class A carriers in these two areas were 11.5 and 18.8 percent. The Atlantic and gulf coasts area recorded a 5.3-percent decrease in passenger revenues of class A carriers, with a 28.2-percent decline in revenue passengers carried. (No passenger service was reported for the intercoastal area by the single carrier.) The increase in passenger revenues of class B carriers for all areas in 1961 was attributed to the 25.5-percent increase shown for the Atlantic and gulf coasts area, which more than offset the loss in the Mississippi River and tributaries area. The area last mentioned, like the Pacific coast and intercoastal areas, reported no passenger service in 1961. In contrast with revenues, the number of revenue passengers carried by class B carriers in the Atlantic and gulf coasts area decreased 11.5 percent.

The number of class C carriers reporting in 1961 was 107 as compared to 113 in 1960. (Class C carriers are those with annual operating revenues of \$100,000 or less.) As shown by their annual reports, operating revenues of class C carriers in 1961 amounted to \$24.6 million, 1.0 percent over the previous year. (Operating expenses for class C carriers are not readily available.) Passenger revenues of these carriers increased 9.7 percent to \$4.5 million, and the number of revenue passengers rose 1.0 percent to 6.1 million. Freight revenues, however, decreased 9.6 percent to \$6.2 million, and the number of tons of revenue freight declined 4.2 percent to 8.9 million.

The 26 maritime carriers which filed annual reports with the Commission on prescribed forms for the calendar year 1961 reported total operating revenues, including foreign and domestic service, of \$504.7 million, 3.8 percent below the operating revenues of the 27 carriers reporting for 1960. Total operating expenses declined 4.1 percent to \$494.4 million in 1961, causing an improvement in operating ratio

from 98.26 percent in 1960 to 97.96 percent. The 15 maritime carriers which reported freight revenues from domestic coastwise and intercoastal service showed operating revenues of \$105.3 million, which were 20.9 percent below the revenues shown by 17 carriers in 1960. Revenue tons carried in domestic traffic showed a corresponding decrease in 1961 to 4.4 million tons, 23.4 percent below 1960. A decrease of 34.8 percent in revenue tons carried was recorded in the intercoastal area, which accounted for 47.1 percent of revenue tons carried and 51.7 percent of freight revenues from domestic service in the three areas in 1961, compared with 55.3 percent and 60.8 percent, respectively, in 1960. The Atlantic and gulf coasts area showed a 13.7-percent drop in revenue tons, whereas the Pacific coast area registered an increase of 2.8 percent. Passenger revenue from domestic service by maritime carriers increased 4.3 percent to \$706,814, while the number of revenue passengers decreased 24.0 percent to 690. The intercoastal area, which accounted for 99.4 percent of the passenger revenue and 93.3 percent of the revenue passengers carried in domestic service in all areas in 1961, showed a 5.0-percent increase in passenger revenue and a decrease of 18.9 percent in the number of revenue passengers carried as compared with the previous year.

As compiled from 105 quarterly reports of class A and class B carriers by water filed with the Commission, freight revenue increased 6.9 percent to \$129.8 million and the number of tons of revenue freight carried increased 12.3 percent to 51.6 million tons in the first half of 1962 in comparison with the corresponding period in 1961. The increase in freight revenue contrasted with a decline in passenger revenue in the first half of 1962 compared with the first half of 1961. Passenger revenue decreased 3.2 percent to \$2.4 million despite a 13.7-percent increase in the number of revenue passengers carried to 780,844.

FREIGHT FORWARDERS

There were 88 freight forwarders reporting to the Commission in 1961, 1 more than in 1960. As in the earlier year, there were 64 class A forwarders, with revenues of \$100,000 or more, despite a considerable number of reclassifications. These companies produced 99.7 percent of the industry's revenues of \$448.6 million, the largest three firms accounting for 46.7 percent of the total. This represents a slight decrease in concentration. Total revenues for the year increased 1.4 percent over 1960.

The number of shipments handled by the class A freight forwarders in 1961 increased 12.5 percent to 26.0 million, but total weight declined 2.2 percent to 4.0 million tons as average weight per shipment fell from 355 pounds to 308 pounds.

The class A companies received forwarder revenues of \$442.8 million and incidental revenues of \$4.7 million in 1961, up 1.3 and 6.2 percent from the previous year, while their operating expenses increased 4.4 percent to \$131.9 million. Transportation purchased (not considered an operating expense) fell 1.8 percent from the earlier year to \$304.2 million and consisted of the following expenditures; \$179.0 million, 58.8 percent, for railroad transportation; \$60.9 million, 20.0 percent, for motor carrier transportation; \$60.9 million, 20.0 percent, for pickup, delivery, and transfer service; \$1.6 million, 0.5 percent, for water transportation; and \$1.8 million, 0.6 percent, for other services. Both the dollar amounts and the percentage distribution among the major carriers reflect a continuation of the downward trend in payments to railroads and the growth of payments for motor carrier and pickup, delivery, and transfer services evident in recent years.⁴ Net income after taxes rose 117.4 percent in 1961 to \$6.1 million.

Freight forwarder volume commodity rates applying on shipments of 10,000 pounds or more in plan III TOFC service, approved by the Commission in 1960 and sustained by a Federal district court last year, were upheld by the Supreme Court in February 1962. Provision of trailers for this service may partially explain the \$5.5 million increase in operating expenses in 1961 and a decrease of the same amount in transportation purchased.

In the first half of 1962⁵ the forwarder revenues of the class A companies totaled \$227 million, an increase of 7.5 percent above the corresponding period of 1961. Operating expenses of \$66 million and expenditures for transportation of \$155 million were 4.7 and 6.9 percent higher, respectively, than in the first 6 months of 1961. Net income after taxes rose 100.8 percent to \$3.8 million.

PIPELINES

According to data compiled from the annual reports of 89 oil pipeline companies reporting to the Commission for 1961, operating revenues increased to \$786.7 million, or 2.1 percent over revenues reported by 87 companies for 1960. With a 0.5-percent increase in operating expenses to \$419.9 million, the operating ratio decreased from 54.21 percent in 1960 to 53.37 percent in 1961.

The number of barrels of crude oil originated in 1961 was 2,335.8 million, or 4.3 percent over the previous year. Refined oils originated increased 6.3 percent in the same period to 965.9 million barrels and accounted for 29.3 percent of the total barrels of crude and refined oils originated in 1961 as compared with 28.9 percent in 1960. The in-

⁴ See table on page 35 of the 75th (1961) Annual Report.

⁵ The following data are from Quarterly Report Q-950.

creases over 1959 in the number of barrels of crude oil and refined oils originated in 1960 were 2.6 percent and 7.0 percent, respectively.

Crude oil and refined oils moved by trunkline in 1961 rose 2.5 percent to 1,312.8 billion barrel-miles. Trunkline movements of crude oil increased 2.0 percent to 995.6 billion barrel-miles, while trunkline movements of refined oils rose 4.2 percent to 317.1 billion barrel-miles in 1961.

Transportation revenues of 77 large oil pipeline companies (those having annual operating revenues of more than \$500,000 each) in the first half of 1962 were \$379.5 million, an increase of 4.0 percent over the corresponding period in 1961. The number of barrels of oil originated and received from connections by these companies in the first half of 1962 increased to 2,516.8 million, 3.3 percent above the 1961 period.

SMALL SHIPMENTS

The trend toward smaller inventories since World War II and a larger volume of trade have resulted in substantial increases in the number of small shipments, but their handling in 1961 continued to be generally unremunerative for carriers. The difficulties of these carriers in placing such services upon a profitable basis poses a problem of major concern. In attempting to eliminate the deficits incurred on these shipments, carriers have sought to increase rates and impose surcharges; since 1946, for example, minimum rates of the various modes handling small shipments have been increased as much as fivefold to ninefold. Such actions, however, have tended to result either in a redistribution of traffic among the regulated carriers or in its loss to private carriage, with consequent adverse effects on their costs and performance capabilities.

The number of REA Express domestic shipments declined 0.5 percent to 66.1 million, but higher rates effective in January 1961 produced revenues of \$367.0 million, an increase of 0.4 percent. "Express privilege" payments to carriers amounted to \$116.4 million, a decrease of 6.9 percent from 1960. Payments of \$89.5 million to railroads showed a decline of 9.6 percent, while those of \$24.1 million to airlines and of \$2.4 million to motor carriers represented increases of 2.7 percent and 5.7 percent, respectively. REA Express introduced rates on shipments in small containers of 101 cubic feet, which rates apply on lading up to 3,000 pounds, irrespective of the commodity carried. These rates are currently under investigation by the Commission. An increase of 10 cents per shipment became effective February 8, 1962.

Zone-rated parcel post mailings for the fiscal year 1961 numbered 800.4 million and weighed 4,724.8 million pounds, reflecting decreases

of 4.7 and 8.5 percent, respectively, under the 1960 totals. Average weight per piece was 5.9 pounds, compared with 6.1 pounds last year. These parcel post mailings produced revenues of \$575.4 million in fiscal 1961, an increase of 3.2 percent.

The Postmaster General proposed an average rate increase of 12 percent on parcel post shipments, as well as increases in overall size limits from 72 to 100 inches, length and girth combined, and in zone weight limits from 20 or 40 to 50 pounds. REA Express strongly opposed the latter two proposals before the Commission and brought a court proceeding in connection therewith.

The number of small shipments handled by 64 freight forwarders with revenues of \$100,000 or more increased 12.5 percent in 1961 to 26.0 million, while the weight declined 2.2 percent to 4.0 million tons; average weight fell from 355 pounds to 308 pounds. These shipments yielded revenues of \$442.5 million, an increase of 1.2 percent over 1960.

Less-than-carload traffic of the railroads, as in 1960, showed serious percentage declines. Tonnage for 1961 dropped 19.5 percent to 2.6 million tons, while revenues, amounting to \$125.1 million, were down 18.2 percent. Several railroads issued embargoes against LCL traffic, one of which was annulled by a Commission service order.

Less-than-truckload shipments, i.e., those weighing up to 10,000 pounds, by 549 class I motor carriers of general commodities numbered 220.7 million in 1961 and aggregated 58.1 million tons, increases of 1.5 and 2.0 percent, respectively, over the previous year. Average weight per shipment rose slightly from 524 pounds to 526 pounds. This traffic generated revenues of \$2,151.4 million, a 7.0-percent increase over 1960.

A proposal by a regional motor carrier rate association during the year to assess charges on shipments under 300 pounds based on weight (by 50-pound intervals) and distance, irrespective of commodity carried, was opposed by shipper organizations but allowed to become effective early in 1962. Unlike the REA Express proposal, these charges superseded the preexisting class rates. After a number of member carriers sought and received Commission permission to cancel their participation in the plan, the proponents obtained a court order restraining such action by the Commission; that order has since been vacated. Similar "constant charges" have been proposed by another motor carrier association.

Vigorous promotion of the package express business by motor carriers of passengers has resulted in increased revenue from this traffic for 144 class I carriers, which reached \$36.7 million in 1961, a gain of 13.4 percent over the preceding year.

TAXES

The 10-percent Federal excise tax on rail and bus passenger transportation is scheduled to expire on November 15, 1962. The President, both in his budget message in January and in his transportation message in April of this year, urged that this tax be eliminated as of June 30.

Tax accruals of class I line-haul railroads amounted to \$991.1 million in 1961, a decrease of 0.8 percent from 1960. Payments of \$233.8 million for old-age retirement due under the Railroad Retirement Act and of \$130.1 million for unemployment insurance under the Railroad Unemployment Insurance Act totaled \$363.9 million, compared with total payroll taxes of \$394.2 million for the previous year. Average monthly employment fell from 780,971 in December 1960 to 715,985 in December 1961. Federal income taxes amounted to \$242.7 million in 1961, an increase of 19.6 percent over 1960. Other taxes aggregated \$384.7 million, 4.2 percent less than in 1960. Tax reductions occurred in some States and localities as a result of the revaluation of certain properties.

Federal income taxes payable by class I intercity motor carriers of property were \$73.9 million in 1961, 59.0 percent more than in 1960, a year of unfavorable business conditions. Operating taxes and license fees, less affected by earnings, showed an increase of only 1.3 percent in the same period to \$299.4 million.

Class I intercity motor carriers of passengers, with relatively stable earnings on a year-to-year basis, reported increases of 3.1 percent both in Federal income taxes and in operating taxes and license fees, to \$27.9 million and \$37.5 million, respectively.

Payments of \$11.6 million in income taxes and of \$3.7 million for other taxes were due from class A and class B water carriers on 1961 operations, representing an increase of 21.3 percent and a decrease of 4.9 percent, respectively, from the preceding year.

Income and excess profits taxes of \$110.8 million and other tax levies of \$39.6 million accrued from the operations of oil pipelines in 1961, percentage changes of 3.1 below and 4.6 above the corresponding figures for 1960.

A comparison of taxes in 1961 with operating revenue in that year and net investment in transportation property and equipment at the close of 1960 is given for each of the above-mentioned carrier groups in the following table.

INTERSTATE COMMERCE COMMISSION

Revenues, net investment, and taxes—1961¹

(Thousands)

Kind of carrier	Operating revenues	Net investment in carrier operating property and equipment, Dec. 31, 1960	Taxes	
			Income and excess profits	All other
Class I line-haul railroads.....	² \$9,189,138	\$22,909,733	³ \$242,456	\$748,628
Motor carriers of property (class I intercity) ⁴	4,937,431	751,304	⁵ 73,940	299,414
Motor carriers of passengers (class I intercity) ⁶	481,932	208,705	⁵ 27,855	37,534
Water carriers (class A and class B).....	⁷ 246,196	203,918	⁵ 11,587	3,666
Oil pipelines.....	786,718	1,967,311	⁵ 110,809	39,555
Total.....	15,641,415	26,040,971	466,647	1,128,797
Percentage distribution ⁸				
Class I line-haul railroads.....	58.7	88.0	52.0	66.3
Motor carriers of property.....	31.6	2.9	15.8	26.5
Motor carriers of passengers.....	3.1	.8	6.0	3.3
Water carriers.....	1.6	.8	2.5	.3
Oil pipelines.....	5.0	7.6	23.7	3.5
Total.....	100.0	100.0	100.0	100.0

¹ Net investment in carrier property and equipment at the close of the preceding year.² Railway operating revenues.³ U.S. Government income and excess profits taxes only.⁴ From Quarterly Report Q-800.⁵ U.S. and State taxes combined.⁶ From Quarterly Report Q-750.⁷ Total water-line operating revenues.⁸ Owing to rounding, some columns may not add to 100.0.

RATE PROCEEDINGS AND ACTIVITIES

Commission activities concerning carrier rates are related under the general headings of Tariffs, Released Rates, Suspensions, Fourth Section Board, Informal Rate Cases and Related Work, Use of Section 22 Rates, Rate Bureaus and Agreements, and Formal Rate and Section 25 Proceedings. Brief descriptions of Cases of Special Importance conclude the chapter.

Tariffs

During the year, 188,741 publications containing newly established or changed freight, express, pipeline, or freight forwarder rates, passenger fares, or contract carrier rate schedules were received for examining and filing. The detailed figures follow :

FREIGHT

Common carrier :	<i>Tariffs received</i>	
Rail -----	48,191	
Motor -----	112,304	
Water -----	2,599	
Pipeline -----	659	
Freight Forwarder -----	9,495	
Total -----	173,248	
Contract carrier :	<i>Schedules received</i>	
Motor -----	2,993	
Water -----	32	
Total -----	3,025	
Total freight -----		176,273

PASSENGER

	<i>Tariffs received</i>	
Rail -----	6,053	
Motor -----	5,261	
Water -----	122	
Total -----	11,436	

EXPRESS

	<i>Tariffs received</i>	
Rail -----	629	
Motor -----	403	
Total -----	1,032	
Total passenger and express -----		12,468
Grand total -----		188,741

Of these tariffs and rate schedules, 3,831 were rejected by the Bureau of Traffic for failure to give the notice required by the statute or for nonconformity with the Commission's regulations, and 19,130 were criticized but were accepted for filing. Filings of powers of attorney, certificates of concurrence, and revocation notices aggregated 14,206.

The Bureau received, indexed, and filed 20,622 quotations or tenders submitted pursuant to the provisions of section 22 of the act for the transportation of property or persons free or at reduced rates for the U.S. Government.

Applications requesting permission to change rates or other tariff provisions on less-than-statutory notice, or to depart from the tariff publishing rules, numbered 11,032. With 172 pending on July 1, 1961, the total was 11,204 applications, of which 9,551 were approved, 1,229 denied, and 232 withdrawn, leaving 192 pending on July 1, 1962. There were received and filed 4,297 copies of contracts between motor contract carriers and shippers, while 27,297 contracts or amendments to existing contracts between freight forwarders and motor common carriers were filed pursuant to section 409 of the act, as amended.

The filing of appropriate rate tariffs or schedules by motor carriers was checked preliminary to the issuance of 4,705 new or amended permanent operating certificates and permits, and in connection with 1,382 transfers of operating rights. Similar checks were made in connection with the granting of 3,356 applications for temporary authority. The duplicate tariff file for public use was continued.

Released Rates

Applications for authority under sections 20(11), 219, and 413 to establish rates dependent upon declared or agreed value totaled 75. Twenty were pending on July 1, 1961, for a total of 95, of which 40 were granted, 16 denied, 22 withdrawn, and 17 pending at the end of the year. Twenty-eight orders previously entered were rescinded.

Suspensions

A total of 5,170 rate adjustments involving changes in tariffs of rail, motor, water, freight forwarder, pipeline, and express carriers were considered by the Suspension Board. This was an increase of 315, or 6 percent, over fiscal 1961. Of this total, 239 reflected increases, 4,712 reductions, 173 both increases and reductions, and 46 neither increases nor reductions. There were 7,934 tariff publications of one or more pages involved in these adjustments. All but 35 of the adjustments were protested. Protests totaled 5,154, of which 69 were from State or Federal Government agencies and 916 from shippers and receivers. The remaining 4,169 were from competing carriers.

Statements from shippers and others intervening in support of the proposals totaled 1,622. Petitions to vacate, investigate, or discontinue totaled 286. In 610 instances appeals were filed for reconsideration of the Suspension Board's conclusion not to suspend. A total of 735 investigation and suspension proceedings involving 1 or more protested adjustments were discontinued upon cancellation of the schedules under special permission authority and advice that the carriers would not attempt to justify the suspended matter.

The following actions were taken on the 5,170 adjustments:

	Rail	Motor	Water	Freight forwarder	Express and pipeline	Number	Percent
Suspended in full.....	216	1,915	26	71	6	2,234	43.2
Suspended in part.....	6	102	1	0	0	109	2.1
Not suspended (permitted to become effective).....	643	1,112	68	74	35	1,932	37.4
Otherwise disposed of (sched- ules rejected, protest with- drawn, protested schedules, canceled by carriers, etc.)----	123	698	15	58	1	895	17.3
Total.....	988	3,827	110	203	42	5,170	100.0

Fourth Section Board

The Board received 584 applications for relief from the long-and-short-haul and aggregate-of-intermediate-rates provisions of section 4, a decrease of 281 from the previous year, and 99 were pending on July 1, 1961, a decrease of 14 from the previous year. Of these 683 applications, 21 were withdrawn, 25 were denied, 549 were granted in whole or in part, and 88 are pending. The number of orders entered in response to applications was 595, of which 34 were denial orders, 21 were orders granting temporary relief, and 540 were orders granting continuing relief. Two formal reports relating solely to fourth-section matters were issued. Petitions received for modification of outstanding orders totaled 55, and 2 were pending on July 1, 1961. Of these 57 petitions, 5 were denied, 51 were granted in whole or in part, and 1 is pending.

Informal Rate Cases and Related Work

Requests for photostatic copies and certificates of tariff publications received and disposed of numbered 1,144, a decrease of 177 over the previous year.

A total of 217,420 freight waybills were received to be examined and analyzed to determine the first-class rates and short-line distances involved. Of these, only about 16 percent were required to be processed manually.

The objective of informal procedure is to effect disposition of controversies by endeavoring to bring the parties into agreement and to persuade them to adjust their differences in accordance with the informal views expressed. Since this disposition is achieved primarily by correspondence, or, when necessary, through conferences with the parties themselves, it constitutes a desirable method by which rate and transportation problems of shippers and carriers may be resolved quickly and inexpensively, to the benefit of the Government as well as to the parties involved.

Other than rate complaints handled by the field staff of the Bureau of Motor Carriers, the section of rates and informal cases of the Bureau of Traffic received 1,352 informal complaints involving all types of carriers, an increase of 255 over the previous year. Dispositions during the year were 1,084, or 241 fewer than in the preceding year. The settlements embraced not only refunds of overcharges, and the resolution of misrouting controversies, but also dispositions achieved through agreement by the carriers to seek adjustment by reparation on the special docket. In order to be of service to the shipping public, complaints as to loss or damage to property were also taken up with carriers and adjustments secured in many instances. Advisory opinions were given in reply to numerous general and technical inquiries relating to the entire field of transportation.

In regard to special docket procedure, part I and part III carriers submitted 1,076 applications (or 72 fewer than last year) for authority to pay reparation for alleged unreasonableness of the applicable rates or charges. Orders were entered authorizing payment in 773 cases, a decrease of 203 from the previous year. The reparation awarded totaled \$927,736.16, with the largest single award, embracing 75 shipments, being one of \$28,787.34. Additionally, 329 special docket cases were dismissed or disposed of without orders.

Use of Section 22 Rates

A General Accounting Office study of the use of rates authorized under section 22 of the Interstate Commerce Act, to which reference was made last year, was completed and transmitted to the Senate Committee on Commerce August 15, 1961.

Rate Bureaus and Agreements

The following tabulation shows practically the same activity relating to requests for approvals of ratemaking agreements and procedures under section 5a during the past year as in the preceding year.

Actions under section 5a	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Applications and petitions for approval of new agreements and amendments		
pending at beginning of period.....	1 11	1 12
Applications for approval of new agreements received.....	3	1
Petitions for approval of amendments to agreements received	12	11
Disposition:		
Approved.....	12	17
Denied.....	1	0
Dismissed.....	1	2
Pending at end of period.....	1 12	1 5

¹ Includes one which has been considered, but approval withheld until prescribed changes are effected.

Formal Rate and Section 25 Proceedings

During the year 1,644 motor and 583 rail rates and practices proceedings were processed, of which 309 and 302, respectively, were decided by report and order. This compares with 1,237 motor and 586 rail proceedings the previous year.

An appraisal of the foregoing figures and those of 1960 indicates that the number of proceedings involving trailer-on-flatcar (piggy-back) rates is constantly increasing. This is due to the greater use by the railroads of such service, particularly that under plan III.

The right of the rail carriers to furnish plan III service, in which the trailers are furnished by the shippers, was upheld by us in *Eastern Central M. Carriers Assn. v. Baltimore & O. R. Co.*, 314 I.C.C. 5. At the same time we approved plan IV service in which the shipper furnished the flatcar, as well as the trailer. We found that these plans were the result of efforts by the carriers "to regain traffic lost mainly to nonregulated carriage and to maintain their position as a strong partner in the national transportation system."

The most significant innovation made in the handling of rate proceedings during the year was the creation of an employee board, called the Rates and Practices Review Board, which was granted authority to issue final reports in certain types of cases previously assigned to Division 2. We were given power to establish such a board by a 1961 amendment to section 17 of the act. The use of the Board permits us to devote more time to policy matters and proceedings of general transportation importance.

Division 2 is designated as an appellate division to consider petitions for reconsideration or review of the decisions of the Board. If no appeal is taken from a decision, the Board's action becomes administratively final. If an appeal is taken, the action of the appellate division is administratively final. Of the 73 reports issued by the Board on which the time for filing petitions for reconsideration has expired, only 12 petitions for reconsideration have been filed.

The first full month of operation for the Board was March 1962. The following table lists the number of proceedings determined by the Board during the last 4 months of the fiscal year and the number of rate reports issued by Division 2 and the Commission in the corresponding period this year and last year. The 1962 division and Commission reports are separated into the following categories: Those handled under the personal docket procedure, in which individual Commissioners assume responsibility for the preparation of the reports where oral hearings have been held, and those handled under modified procedure. The establishment of the personal docket procedure was referred to in last year's annual report. All of the Board's reports were handled under modified procedure. The following table shows the number of reports issued in those categories in the 4 latest months in 1962 as compared with the same months in 1961:

Rate proceedings reports

	(1962)				(1961)		
	A	B		Total	B		Total
	M	P	M		H	M	
March.....	25	12	17	54	26	8	34
April.....	23	14	8	45	23	6	29
May.....	26	13	3	42	22	16	38
June.....	23	20	5	48	30	27	57

A—Decided by Board.

B—Decided by Division 2 or Commission.

P—Personal docket procedure (involving oral hearings).

M—Modified procedure.

H—Oral hearing cases.

The following table summarizes proceedings dealt with by the Bureau of Rates and Practices in 1961 and 1962. The format has been changed from that utilized in prior annual reports to correspond with formats used by other proceedings bureaus of the Commission.

	1961		1962	
	Motor	Rail	Motor	Rail
Pending at beginning of year.....	358	506	424	493
Instituted, filed, and reopened during year:				
Investigations and suspensions.....	1,164	259	1,468	238
Formal complaints.....	29	114	27	112
Investigations.....	107	89	99	95
Ex parte proceedings.....	2	54	1	8
Fourth section applications.....		28		25
Section 25 proceedings.....		26		22
Others ¹	2	3	3	2
Received during year.....	1,304	573	1,598	502
Total on hand and received.....	1,662	1,079	2,022	995

	1961		1962	
	Motor	Rail	Motor	Rail
Disposed of during year:				
Investigations and suspensions:				
By report of Commission, division, or board.....	142	63	194	91
By effective recommended order.....	11	1	12	3
Discontinued.....	952	160	1,281	202
Formal complaints:				
By report of Commission, division, or board.....	9	66	16	78
By effective recommended order.....	4	30	10	25
Dismissed or discontinued.....	4	30	13	19
Investigations:				
By report of Commission, division, or board.....	27	44	43	42
By effective recommended order.....	20	11	31	6
Discontinued.....	51	45	41	45
Ex parte proceedings:				
By report of Commission, division, or board.....		43	1	9
By effective recommended order.....		1		
Discontinued.....		8		
Fourth section applications:				
By report of Commission, division, or board.....		17		9
By effective recommended order.....		4		13
Dismissed or discontinued.....		19		11
Section 25 proceedings:				
By report of Commission, division, or board.....		32		7
By effective recommended order.....		7		17
Discontinued.....		1		1
Others:				
By report of Commission, division, or board.....	17	4		2
By effective recommended order.....		2	2	
Dismissed or discontinued.....		1		3
Total.....	1,237	587	1,644	583
Pending at end of year.....	425	492	378	412
Petitions:				
Pending at beginning of year.....	38	70	33	54
Received during year:				
Investigations and suspensions.....	63	59	72	60
Formal complaints.....	21	101	14	126
Investigations.....	54	96	50	75
Ex parte proceedings.....		4	3	7
Fourth section applications.....		14		7
Section 25 proceedings.....				2
Others ¹	15	4		2
Total.....	153	278	139	279
Disposed of during year:				
Investigations and suspensions.....	68	67	78	59
Formal complaints.....	20	119	13	119
Investigations.....	54	90	49	80
Ex parte proceedings.....	1	4	2	5
Fourth section applications.....		11		9
Section 25 proceedings.....				2
Others ¹	15	3		3
Total.....	158	294	142	277
Petitions pending at end of year.....	33	54	30	56

¹ Includes section 5(a) applications, released rate proceedings, freight forwarder, complaints, water carrier applications, motor carrier applications, and finance applications involving rate matters and referred to the Bureau for disposition.

Cases of Special Importance

Reports of special importance were issued during the year in the following proceedings:

I. & S. No. 7505, *Pickup and Delivery—Official Territory—L.C.L. & A.Q.*, 314 I.C.C. 313, decided July 12, 1961. The respondent railroads proposed to cancel provisions for free pickup and delivery service on less-than-carload and any-quantity shipments at numerous points in eastern territory, and establish charges ranging from 20 cents to 60 cents per 100 pounds. The proposals were found shown to be just and

reasonable, and not shown to be unjustly discriminatory or unduly prejudicial, though it was pointed out that the rates are subject to formal complaints in particular instances under section 13(1) of the act. At the same time Division 2 commented generally on the less-than-carload deficit problem and urged the railroads and other interested parties to diagnose the problem and find a remedy.

No. 33332, *Passenger Fares, New York, N.H. & H. R. Co.*, 314 I.C.C. 377, decided August 16, 1961. This proceeding was initially an investigation into the lawfulness of increased commutation fares which were permitted to become effective February 4, 1960. In March 1960, by supplemental order, we began an exhaustive investigation for the purpose of determining, among other things, the New Haven's need for revenues to provide adequate and efficient service. On March 31, 1961, we issued a report, 313 I.C.C. 411, on an interim basis, in which we concluded that this carrier's passenger service was the primary cause of its financial difficulties, and that reorganization under section 77 of the Bankruptcy Act would not be an adequate solution to its problems.

The New Haven filed a petition for reorganization under the Bankruptcy Act with the District Court of the United States for the District of Connecticut on July 7, 1961. The court approved the petition as properly filed and appointed three trustees, who were ratified by us on July 31, 1961. In our final report, we considered the New Haven's present financial condition and the causes thereof. We recommended measures of self-help and suggested the need for local, State, and Federal assistance.

I. & S. No. 7559, *Grain—K.C., Omaha & Related Origins to Lawrenceburg*, 315 I.C.C. 83, decided November 2, 1961. This proceeding concerned flat rail rates from the Kansas City, Mo.-Kans. and Omaha, Nebr., rate groups applicable only when lots of 20 carloads or more with a minimum of 110,000 pounds per car, were shipped on one bill of lading on one day from one consignor at one origin to one consignee at one destination. Approval was given to the rates in principle, but, because of a fourth section conflict, it was ordered that the proposed schedules be canceled without prejudice to the filing of rates free of the unlawful factor.

No. 33622, *Applicability of Rates on Household Goods*, 315 I.C.C. 537, decided February 7, 1962. We found that certain motor carriers of household goods had collected charges on shipments for distances of more than 500 miles in various periods during 1959 and 1960, not in accordance with their governing tariffs, in violation of section 217(b) of the act. The erroneous charges, consisting of both overcharges and undercharges, were not intentional, but resulted from misinterpretations due to omission of a cross-reference to a section in the governing tariffs. We discontinued the proceeding because of our lack of authority to award reparation on past shipments by motor carriers. How-

ever, we pointed out that unless the carriers voluntarily make refunds, they will be subject to an action at law by shippers pursuant to section 204a of the act.

No. 33750, *Reformation of Rates—Fourth-Class Mail*, 315 I.C.C. 751, decided March 19, 1962. On January 2, 1962, the Postmaster General submitted his specific proposal to us for increasing the parcel post rate and weight and size limits of fourth-class mail. The proposal was submitted pursuant to the postal laws (39 U.S.C. 247, 1958 ed.) and (31 U.S.C. 695, 1958 ed.) which require the Postmaster General to request our consent to increase rates and make other reforms whenever fourth-class mail service is not self-sustaining. Opposing parties contended that Public Law 82-199 (65 Stat. 610) abrogated our authority as shown in 39 U.S.C. 247 to consent thereafter to an increase in the maximum size and weight of parcels as prescribed by that law. We found that our power to "consent" to proposals under the postal laws may be exercised without determining whether Public Law 82-199 precludes the upward revision, by the Postmaster General, of the size and weight of parcels.

Thereafter we instituted an investigation of the proposal and, in the interest of expedition and economy, prescribed a special procedure therefor without oral hearing, which permitted any interested party to file with us written representations within stated periods of time. In the meantime, the Railway Express Agency filed a civil action (No. 1202-62) in the United States District Court for the District of Columbia, seeking to test the power of the Postmaster General to increase the maximum weight and size of parcels. Because the outcome of that litigation could have a direct bearing on the scope of our investigation, we have stayed our proceeding pending the disposition of the court action.

No. 33588, *Automobiles from Atlanta, Ga., to Norfolk, Va.*, 316 I.C.C. 99, decided April 9, 1962. In this proceeding, a proposed return-haul rate on motor vehicles moving in straight or mixed carloads on bilevel cars from Atlanta, Ga., to Norfolk, Va., was approved. Application of the rate is conditioned on a prior shipment from Norfolk to Atlanta on the same car. The return-haul rate is one-half the rate on the original movement. The rate was assailed as violative of sections 2 and 3 of the act, but as there was no showing that any shipper would be prejudiced by its establishment, it was found that there was no basis in support of such a finding.

I. & S. No. M-15092, *Automobile Parts and Other Articles Within Central Territory*, 316 I.C.C. 143, decided April 16, 1962. This proceeding involved terminal-to-terminal line-haul rates which would alternate with rates for door-to-door service. With their own equipment the shippers and consignees would handle the carriers' trailers between the terminal areas and the premises of the former. The pro-

posed rates were found not shown to be compensatory, thus the other legal issues concerned were not decided.

No. 33664, *Loading of Freight by Shippers at Eastern Origins*, 316 I.C.C. 179, decided April 18, 1962. Division 2, in this proceeding, disapproved promiscuous loading tariff rules of certain eastern rail carriers which would permit the loading by a shipper of carload shipments in more than one car, subject to a minimum of 15,000 pounds per car. The Division found that rules favored large shippers, principally freight forwarders, and permitted evasion of carload minimum weights. An issue of national transportation importance was determined to be involved, permitting dissatisfied parties to file for reconsideration by the entire Commission. Such petitions have been filed.

No. 31627, *Akron, C. & Y. R. Co. v. Atchison, T. & S.F. Ry. Co.*, and subnumbers 1 and 2, 316 I.C.C. 351, decided May 7, 1962. In this proceeding we prescribed a basis for dividing the joint rates between official territory railroads and nine western railroads operating in western trunkline territory and some of their short-line connections. The basis of divisions now applying is the so-called 500-A basis, which as applied is equivalent to two scales of prorating factors for 50-mile blocks. The scale prescribed is basically a single scale of prorating factors for eastern and western hauls of traffic to and from zone 1 of western trunkline territory, or the so-called No. 28277 basis, originally prescribed by us for application to rates to and from points on the lines of the complainants in *Official Western Trunk Line Divisions*, 269 I.C.C. 765.

I. & S. No. M-14704, *General Increases—Eastern Central Territory*, 316 I.C.C. 467, decided June 14, 1962. In this proceeding proposed flat rates ("constant charges") applying on motor carrier shipments weighing less than 300 pounds were approved. These rates or charges are based on six weight brackets of 50 pounds each and increase with each higher weight bracket and generally with each additional mileage bracket. Since these charges reflect weight and mileage considerations only, they are referred to as "constant charges" because the various classification ratings of the articles shipped are ignored. Although we found the proposal to be a sound approach toward solving the chronic small shipments problem, our approval was given without prejudice to the right of the parties to file a petition for rehearing after a reasonable test period, and we reserved the right to reopen the proceeding for further hearing on our own motion. We also approved in this proceeding increased class and commodity rates and accessorial charges to apply on motor carrier traffic between New England and middle Atlantic territories, on the one hand, and central, northwestern, middlewestern, and southwestern territories, on the other.

Ex Parte No. MC-49, *Released Rate Rules—National M. Freight Classification*, and Ex Parte No. 197, *Consolidated Freight Classification and Uniform Freight Classification*, 316 I.C.C. 499, decided June 15, 1962. In two prior reports, 306 I.C.C. 495, and 309 I.C.C. 380, we concluded that we had no authority to enter what would constitute a general released-rates order approving proposed rail and motor carrier classification rules (1) generally restricting the application of existing ratings and rates to property not valued in excess of certain maximum amounts per pounds, per package, or per shipment, (2) establishing charges for declared values in excess thereof, and (3) limiting the carriers' liability for loss of or damage to shipments of such maximum or declared values. On appeal by the applicants to a three-judge statutory court, our previous orders were vacated and set aside and we were enjoined to take jurisdiction and pass upon the plaintiffs' applications according to accepted practice and procedure. *Southern Railway Co. v. United States*, 194 F. Supp. 633. In our second report on reconsideration, undertaken pursuant to the court order, we recognized that the carriers are confronted with a problem in limiting their common law liability as insurers against loss of and damage to property of exceptionally high value, but we found that since the evidence in the proceeding was general in nature and did not conform to standards set in prior proceedings, the proposed rules were not shown to be just and reasonable either as to the affected traffic as a whole or as to any particular commodity.

Reports affecting intrastate rates were issued in the following proceedings arising under section 13(3) of the act:

No. 33239, *Kansas Intrastate Rates and Charges*, 315 I.C.C. 223, decided December 1, 1961.

No. 33888, *Utah Intrastate Rates and Charges*, decided May 11, 1962.

Some of the pending rate proceedings of special importance not mentioned elsewhere herein are:

No. 33133, *All Freight in Trailers on Flat Car—Between the East and Chicago and East St. Louis*. This proceeding involves the establishment of all-freight rates for trailers on flatcars under plan III. Hearings are being held.

No. 33768, *Tennessee Products and Chemical Corp. et al. v. Louisville & Nashville R. Co.* The complaint was filed May 22, 1961. The Tennessee Valley Authority (TVA) has intervened as a party defendant. This proceeding involves the scope and interpretation of section 22 of the Interstate Commerce Act providing for the permissive publication of free or reduced rates for the Government. The complaint alleges that the defendant railroad has now published greatly reduced rates on coal from a more distant coal-producing area, in western Kentucky, to the TVA steam plant adjacent to Bridgeport, Ala.; that

such rates, as section 22 rates, are unreasonably low and discriminatory; that they cause undue preference of coal mines and operators in the western Kentucky field and undue prejudice to the complainants. The complaint also alleges that the TVA may not be regarded as the U.S. Government, and that the coal in question is not entitled to special section 22 rates. The matter has been set for hearing.

No. 34013, *Rules to Govern the Assembling and Presenting of Cost Evidence*. To facilitate the assembling, presentation, and evaluation of cost data in proceedings before us, we gave notice of our intention to consider the adoption of certain cost formulas and studies developed by the cost finding section in our Bureau of Accounts. The matter has been made the subject of a rulemaking proceeding.

No. 33746, *Drawbar Extensions on Pullman Standard Hydroframe-60 Box Cars*. This proceeding involves an investigation into the use of drawbar extensions based upon a sliding frame principle extending 30 inches from the end of the car and which, upon impact, collapse to absorb shock. A hearing has been held, and the examiner's recommended report is pending.

I. & S. No. 7558, *Reduced Transcontinental Lumber Rates, 1961*. In issue here are proposed reductions of 7 cents per 100 pounds in the rail carload rates on lumber, and related articles, principally from origins in transcontinental territory to points throughout the United States east thereof. The proposed rates at higher minimum weights would alternate with the present rates subject to lower minima. A hearing has been held, and a final report by the Commission is pending.

No. 31874, *Southeastern Association of Railroad and Utilities Commissioners et al. v. Atchison, T. & S.F. Ry. Co. et al.* This proceeding embraces seven other complaints and is generally referred to as the *Southern Governors' Grain Rate* case. The complainants attack the lawfulness of the rates on grain and grain products by railroads and by barge-railroad to, from, and within the South. After an extensive record was compiled in more than 70 days of hearing in which all segments of the grain trade, including trade and market organizations, shipper groups, State commissions, and other agencies concerned with the growing, processing, marketing, and transportation of grain participated, a report was issued by the examiner. He recommended a new rail rate structure on grain and grain products from, to, and within southern territory to be fixed at 20 percent of the docket No. 28300 scale. Oral argument will be heard before a final report is issued.

I. & S. No. M-15360, *General Increase in Less-Truckload Charges—Middle Atlantic Territory*. Members of the Middle Atlantic Conference propose flat rates ("constant charges") on shipments weigh-

ing 300 pounds or less between points in states served by them. The proceeding has been assigned for hearing.

I. & S. No. 7656, *Grain in Multiple-Car Shipments—River Crossings to the South*. In this proceeding, the Southern Railway System proposed to establish multicar rates (5, 10, or 20 cars) on grain, minimum 450, 900, and 1,800 tons per shipment from Ohio and Mississippi River crossings to destinations on their lines in the South. The traffic would be subject to minimum loads per car of 180,000 pounds. Large-size cars, which only the Southern can now supply, would be used. The other competing southern railroads proposed like rates, including rates to additional points on their lines, but subject to a minimum of 100,000 pounds per car. The rates were protested on the ground that they were unreasonably low, and that they were lower than necessary to meet bargeline competition. Extensive hearings are being held in this proceeding.

I. & S. No. 7583, *Cement within Southern Territory and from Hagerstown, Md., to South*. The railroads proposed reduced rates on cement in the South when moving in bulk in covered hopper cars. The primary issues are whether the rates are below the railroads' cost of rendering the proposed transportation services, and whether the proposed reductions constitute a destructive competitive practice, violative of the national transportation policy, and are therefore unreasonable. The proposed rates were published to become effective on May 15, 1961, and later dates, but upon protests from several motor carriers were suspended until December 15, 1961, and January 16, 1962, at which times they became effective. Hearings have been held, and a final report by the Commission is pending.

I. & S. No. 7564, *Export Grain—Texas to Texas Points*, No. 33788, *Export Grain—Oklahoma to Texas Ports*, and Fourth Section Application No. 37221, *Wheat and Flour From Oklahoma and Texas to Texas Ports for Export*. These proceedings involve the establishment of reduced rail rates on coarse grain, wheat, and wheat flour, in carloads, from points in Oklahoma and Texas to the ports of Houston, Texas City, Galveston, and Port Arthur, Tex., for export. The port of Corpus Christi and other ports were not included in the proposals. A report and recommended order issued by the hearing examiner found the rates just and reasonable, and not unduly prejudicial to the other ports. Relief from observance of the long-and-short-haul provision of section 4 of the act was also recommended. A final report is pending.

No. 32912, *Rates on Formerly Exempt Commodities*. This is an investigation into the rates and charges on formerly exempt commodities made subject to regulation by section 7 of the Transportation Act of 1958. Experience has shown that considerable variances and

disparities exist in the present rates on these commodities. Information forms dealing with the costs of performing service are being completed by the motor carrier parties.

No. 33606, *Gordons Transports, Inc., et al. v. Strickland Transportation Co. et al.* and related cases. These proceedings concern the use of rail TOFC service by a motor common carrier. Recommended reports by the hearing examiner found in one proceeding that the motor carrier was using TOFC service without having on file and in effect appropriate tariffs covering the service, and found in another proceeding that the substitution of TOFC service for over-the-road service would be the institution of an entirely new service since it would enable the carrier to compete for traffic in which it does not now participate. The parties have been heard in oral argument and a final report is pending.

I. & S. No. 7840, *Loading and Unloading Charges, TOFC Plans III and IV*. New provisions governing the loading and unloading of trailers in connection with trailer-on-flatcar services under plans III and IV, published by rail carriers, are under consideration in this proceeding. A hearing has been set.

No. 33362, *Aluminum Articles from Sandow, Tex., to Pa. and N.Y.* and embraced proceedings. Previous reports issued in these proceedings are *Aluminum Articles from Sandow, Tex., to Pa. and N.Y.*, 313 I.C.C. 687, and *DDT from Avon, Pa., to Points in Texas*, 314 I.C.C. 453. Involved are competitive rates of rail and water carriers on commodities between points in the East and points in the Southwest. The issues presented are destructive competition, and discrimination between connecting lines under section 3(4) of the act. We have heard oral argument on the latter issue, and a final report is pending.

Ex Parte No. 230, *Substituted Service—Charges and Practices of For-Hire Carriers and Freight Forwarders (Piggyback Service)*. Because of the marked expansion of and changes in the use of coordinated and substituted service, particularly in so-called motor-rail piggyback operations, we have found it desirable to further consider the legal and operational problems arising in connection therewith. All rail carriers engaged in interstate or foreign commerce subject to the act have been made respondents, and other interested parties are invited to participate. We have authorized and directed the Bureau of Inquiry and Compliance to participate for the purpose of developing the evidence and issues. The proceeding has been assigned for a prehearing conference.

Ex Parte No. 137, *Contracts for Protective Services*. This proceeding involves the lawfulness of numerous contracts and amendments to contracts filed by rail common carriers for the furnishing by others of protective services against heat and cold. A final report is pending.

No. 29885. *Official-Southern Division*. In our original report in this proceeding, 287 I.C.C. 497, we prescribed a new basis of divisions of joint interterritorial rates between official and southern territories, which was later amended in a report on reargument, 289 I.C.C. 4. The findings were interpreted in three later reports, 291 I.C.C. 90; 294 I.C.C. 739; and 298 I.C.C. 83. The prescribed basis became effective July 15, 1953. Upon petition filed by the northern lines, the proceeding was reopened to permit us to reexamine these divisions. Further hearing has been held and a hearing examiner's recommended report is pending. On several occasions a number of railroads involved have requested that the prescribed basis be made inapplicable to the joint rates on certain traffic, including those on trailer-on-flatcar service. In the absence of objection, several orders have been issued herein vacating the outstanding order as it applies to such rates.

No. 30744, *American Barge Line Co. v. Alabama G.S. R. Co.* Three prior reports have been issued in this proceeding in 296 I.C.C. 247; 303 I.C.C. 463; and 306 I.C.C. 167. Pursuant to a decree of the U.S. District Court for the Northern District of Alabama, this proceeding was reopened for further hearing solely to receive evidence with respect to the divisions of the railroads on ex-rail traffic at certain Tennessee River ports. Further hearing was held and a final report is pending.

No. 31358, *Chicago, B. & Q. R. Co. v. New York, S. & W. R. Co.*, and No. 33145, *Railroad Freight Car Per Diem Charges*. Further hearing in these proceedings on a common record is to be held for the purpose of enabling determination by the Commission of the rate of per diem or other compensation to be paid to the owning roads by the using roads for the use of freight cars, or of a formula to be used by the roads in arriving at such car rental. A prehearing conference is pending.

No. 31503, *Akron, C. & Y. R. Co. v. Atchison, T. & S.F. Ry. Co.*, and subnumbers 1 to 5, inclusive. These cases involve divisions of joint rates between Mountain-Pacific territory and the rest of the conterminous United States, except southern territory. The three principal groups of contending parties are the transcontinental, mid-western, and eastern railroads. In their report and recommended order, the hearing examiners found the present divisions unjust, unreasonable, and inequitable, and prescribed new divisions. A final report is pending.

No. 33711, *Fresh Vegetables from Texas, California, Arizona and New Mexico*. This investigation concerns the justness and reasonableness of the rates for the carload transportation of fresh or green vegetables from Texas, New Mexico, Arizona, and California to destinations in official, western trunkline, and southern territories. The

proceeding was initiated after petitions were filed by the rail carriers in official and southwestern territories alleging that the rates from Texas on this traffic, in certain instances prescribed by our order in a prior proceeding and upheld by the Supreme Court in *Baltimore & O. R. Co. v. United States*, 345 U.S. 146, were nevertheless noncompensatory and rendered impracticable the revision of the vegetable rate adjustment from all of these States to a basis reasonably related to the cost of the service. A hearing has been held and a hearing examiner's proposed report has been served.

No. 32551, *Cudahy Packing Co. v. Akron, C. & Y. R. Co.* This complaint involves rail rates on fresh meats and packinghouse products from Omaha, Wichita, and Denver to destinations throughout the United States. The hearing examiners in their recommended report found that the assailed rates from points in the Midwest to all sections of the United States were not shown to be unreasonable or otherwise unlawful, except that rates on fresh meats from points west of the Mississippi River to points in official territory, insofar as they applied on carload shipments of 30,000 pounds or more, were and for the future would be unreasonable to the extent they exceeded or might exceed the concurrent rates on packinghouse products.

I. & S. No. 7269, *Motor Vehicles—Kansas City to Ark., La. & Tex.*, and three embraced proceedings. These proceedings concern trailer-on-flatcar rates under plans III and V on freight and passenger vehicles between certain points in central, southern, and southwestern territories. The plan III rates are generally on a per carload basis, although some are on a per vehicle basis as are all of the plan V rates. In a recommended report and order, the hearing examiner found the rates unjust and unreasonable and otherwise unlawful, and in contravention of the national transportation policy. We have heard the parties in oral argument and a final report is pending.

OPERATING AUTHORITIES

With the general growth in economic activity, a concurrent increment in new filings for operating authority has been noted. Receipt of new applications for permanent motor carrier operating authority increased more than 14 percent over the previous year. There also was a substantial increase, approximately 12 percent, in the number of applications for temporary motor carrier operating authority. Applications by motor carriers to deviate from their regular routes increased by 30 percent. Applications for water carrier and freight forwarder permanent operating rights increased slightly. The number of complaint and investigation proceedings involving motor carriers' fitness to conduct interstate operations or probing into carrier, forwarder, and broker activities to determine if operations are being conducted without appropriate authority in contravention to the act continued at approximately the same level so far as number of proceedings instituted; however, this category of proceeding generally requires a much greater expenditure in processing time and effort than the ordinary operating authority case. The registration of State certificates under the second proviso of section 206 reflected continued activity in this area. Processing of proceedings for conversion of contract carrier permits to common carrier certificates under section 212(c) of the act, and of the agricultural "grandfather" applications filed under the 1958 amendments practically have been completed.

New procedural techniques, including use of the decision and order in lieu of the division or Commission report, and elimination of the right to review by the entire Commission except in cases involving issues of general transportation importance, have aided us to maintain the pending caseload at approximately the same level despite increased receipts over the previous year which, in the case of motor carrier applications for permanent authority alone, number more than 500. Pursuant to authority granted us by the 1961 amendment to section 17 of the act, an employee review board has been created in our Bureau of Operating Rights to which certain types of cases formerly considered by Division 1 are referred for decision. This action has enabled the members of that Division to devote a greater portion of their time and energies to matters of greater significance. A numerical summary of actions taken on application cases for operating rights and other proceedings involving operating authority matters follows. This table embodies a comparison with the previous year's receipts and dispositions.

Volume and disposition of cases

Motor carrier	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Applications for permanent common carrier certificates, contract carrier permits, brokers licenses:		
Received.....	3, 672	4, 199
Reopened.....	159	191
Hearings.....	3, 537	3, 282
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	879	873
By effective recommended order.....	1, 851	1, 813
By the Commission or a division of the Commission, Operating Rights Board No. 1, or Operating Rights Review Board.....	1, 269	1, 666
Applications granted in whole or in part.....	2, 212	2, 784
Applications denied or dismissed in report.....	908	695
Pending at end of year.....	2, 929	2, 967
Petitions disposed of.....	756	1, 027
Applications for conversion and investigations under sec. 212(c):		
Received.....	0	0
Reopened.....	8	4
Hearings.....	61	0
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	2	0
By effective recommended order.....	101	4
By the Commission or a division of the Commission.....	34	6
Applications granted in whole or in part.....	107	7
Applications denied or dismissed in report.....	28	3
Pending at end of year.....	7	1
Petitions disposed of.....	14	7
Applications for "grandfather" and "interim" motor carrier operating rights: ¹		
Received.....	0	1
Reopened.....	32	12
Hearings.....	175	6
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	32	0
By effective recommended order.....	153	10
By the Commission or a division of the Commission.....	165	53
Applications granted in whole or in part.....	208	50
Applications denied or dismissed in report.....	110	13
Pending at end of year.....	65	15
Petitions disposed of.....	94	58
Alaska-Hawaii "grandfather" applications	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Received.....	187	0
Reopened.....		0
Hearings held.....		24
Disposed of:		
Dismissed, without report.....	1	4
By effective recommended order.....		2
By the Commission or a division of the Commission.....		3
Applications granted in whole or in part.....		4
Applications denied or dismissed in report.....		1
Pending at end of year.....	186	177
Water carrier	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Applications for permanent water carrier operating rights:		
Received.....	17	46
Reopened.....	0	8
Hearings.....	6	6
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	7	13
By effective recommended order.....	4	7
By the Commission or a division of the Commission.....	19	41
Applications granted in whole or in part.....	6	28
Applications denied or dismissed in report.....	8	20
Pending at end of period.....	29	22
Petitions disposed of.....	5	10

¹ Filed under sec. 7(c) of the Transportation Act of 1958.

Volume and disposition of cases—Continued

Freight forwarder II	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Applications for freight forwarder operating rights:		
Received.....	14	7
Reopened.....	1	0
Hearings.....	13	7
Disposed of, including reopened proceedings:		
Withdrawn or dismissed without report.....	11	3
By effective recommended order.....	0	4
By the Commission or a division of the Commission.....	4	7
Applications granted in whole or in part.....	3	8
Applications denied or dismissed in report.....	1	3
Pending at end of period.....	25	18
Petitions disposed of.....	3	0
Complaints, etc.	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Complaints, rulemaking, and revocation proceedings:		
Formal complaints filed, including subnumbers.....	53	37
Investigations instituted.....	67	68
Reopened.....	17	18
Hearings.....	79	94
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued.....	36	45
By effective recommended order.....	19	29
By the Commission or a division of the Commission.....	46	74
Pending at end of year.....	180	155
Petitions disposed of.....	34	55
Temporary authority, etc.	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Applications for temporary authority under sec. 210a(a):		
Received.....	3,596	4,024
Disposed of.....	3,649	4,005
Granted in whole or in part.....	2,661	3,337
Denied.....	988	668
Pending at end of year.....	27	46
Petitions disposed of.....	522	358
Applications to file State certificates:		
Filed.....	803	831
Disposed of.....	808	806
Pending at end of year.....	88	113
Petitions disposed of.....		6
Applications to deviate from regular routes:		
Filed.....	339	442
Disposed of.....	329	420
Pending at end of year.....	53	75
Petitions disposed of.....		6
Proceedings to revoke operating rights without hearing:		
Instituted.....	1,114	691
Disposed of.....	1,196	758
Pending at end of year.....	147	80
Water carrier temporary authority actions	July 1, 1960, through June 30, 1961	July 1, 1961, through June 30, 1962
Applications for temporary authority under section 311(a):		
Received.....	22	26
Granted in whole or in part.....	18	18
Dismissed or denied.....	4	7
Pending at end of period.....	0	1
Requests for extension of expiration date:		
Received.....	6	3
Granted.....	6	3
Petitions for reconsideration:		
Pending at beginning of period.....	1	0
Received.....	2	1
Granted.....	0	1
Denied.....	3	0

Of major importance during the year has been the promulgation of rules prohibiting discrimination in motorbus passenger operations. We also initiated proceedings designed to obtain additional information looking to the control of "piggyback" operations, and of motor operations incidental to air service. Because of current court decisions, renewed attention has been given to the role of contract carriers in the regulatory pattern, and "gray area" activities continue to require a considerable portion of our effort. Important developments in the use of motor transportation to supplement rail service, the bulk transportation of cement and chemicals, commercial zone and terminal area matters, the Alaska "grandfather" applications, and water carrier applications also have been reflected in our overall activities in the operating rights field.

DISCRIMINATION IN PASSENGER OPERATIONS

A rulemaking proceeding was instituted at the request of the Attorney General of the United States for the purpose of considering the need for implementing the provisions of the Interstate Commerce Act with respect to the nonsegregated use of motorbuses and related facilities operated and utilized in the interstate common carrier transportation of passengers. The proceeding resulted in the adoption of regulations prohibiting motor common carriers which hold operating authority issued by this Commission from operating, in interstate or foreign commerce, buses on which seating is on a segregated basis and from maintaining for interstate passengers terminal facilities the use of which is based on race, color, creed, or national origin. It was noted, in *Discrimination—Interstate M. Carriers of Passengers*, 86 M.C.C. 743, that our experience in the administration of part II of the act had demonstrated the prevalence of unlawful discriminatory practices engaged in by passenger carriers contrary to the provisions of section 216 of the act and contrary, too, to certain of our decisions and those of the Supreme Court.

The regulations adopted, in addition to containing a general prohibition against the operation of segregated vehicles and terminal facilities for the use of interstate passengers, further provide that, beginning January 1, 1963, tickets issued by motor common carriers of passengers for use on vehicles operated in interstate or foreign commerce shall contain a notice stating: "Seating aboard vehicles operated in interstate or foreign commerce is without regard to race, color, creed, or national origin." Prior to the effective date of this rule, a notice of similar import must be posted in all buses operated in interstate commerce. Finally, it is required that the full text of the regulations be posted at all terminal facilities made available to interstate passengers.

PIGGYBACK

As a result of the continued rapid development and marked expansion of trailer-on-flatcar or piggyback service, and in order to encourage the participation in and the expansion of coordinated service, between the various modes of transportation, on June 29, 1962, we instituted an investigation proceeding, Ex Parte No. 230, *Substituted Service—Charges and Practices of For-Hire Carriers and Freight Forwarders* for the purposes of ascertaining and determining the desirability, feasibility, and lawfulness of the operational practices, services, and facilities provided and utilized by or for rail, motor, and water carriers, express companies, and freight forwarders and to determine the need, if any, for regulations in this operational area governing the use of this type of service. All such carriers and freight forwarders of property operating in interstate or foreign commerce subject to the act are made respondents in the proceeding.

The transportation of automobiles in piggyback service or by the use of multilevel cars was the subject of a tentative report by Division 1, No. MC-C-3024, *National Automobile Transporters Assn. Petition for Declaratory Order*, served March 7, 1962, which invited the views of persons that might be affected. Numerous representations were received and are under consideration.

AIR-MOTOR TRANSPORTATION

The limits within which the transportation of persons or property by motor vehicle may be conducted under the partial exemption provided by section 203(b) (7a) of the Interstate Commerce Act aroused considerable interest in the past year. In No. MC-C-3437, *Motor Transportation Incidental to Transportation by Aircraft*, we instituted a rulemaking proceeding to determine and prescribe by regulation the areas or distances within which motor transportation of property for compensation is "incidental-to-air" within the meaning of section 203(b) (7a). Related thereto is a proceeding now pending before the Civil Aeronautics Board, Economic Regulation Docket No. 12951, 26 F.R. 8037, dated August 26, 1961, proposing rules to define zones within which air cargo pickup and delivery services may be provided by air carriers of property pursuant to appropriately filed tariffs under the Federal Aviation Act. The "incidental-to-air" exemption involved in these proceedings also was considered in a number of our reports. With respect to the transportation of property, in *Panther Cartage Co. Extension—Air Freight*, 88 M.C.C. 37, we made clear that the exemption is not applicable beyond the terminal area of an air carrier. The report found too that the requirement that motor movements, to fall within the exemption, must be confined to the terminal area of the direct air carrier, is applicable

equally to the transportation of shipments tendered a motor carrier by an air freight forwarder (an indirect air carrier). Also, to the extent an air freight forwarder does use motor carrier service to and from points beyond an air terminal area, it must obtain a permit under part IV of the act. The latter finding has been applied to the operations of air freight forwarders in three subsequent proceedings, *Nickerson Common Carrier Application*, 88 M.C.C. 186; *Special Delivery, Inc., Extension—Bradley Air Field*, 88 M.C.C. 275; and *Air Cargo Terminals, Inc., Ext.—San Bernardino, Calif.*, 88 M.C.C. 468.

The limits within which the transportation of air passengers from and to specified points in Connecticut and airports in the New York City metropolitan area falls within the "incidental-to-air" exemption was the subject of a report by Division 1 in No. MC-123128, *Hatom Corp. Common Carrier Application*, 88 M.C.C. 653, decided February 13, 1962. This proceeding is designated as one involving an issue of general transportation importance, and petitions for reconsideration were under consideration by us at the close of the reporting year.

In *A.B. & W. Transit Co. Ext.—Dulles International Airport*, 88 M.C.C. 175, grants of authority to motor carriers of passengers were made to provide service for the Nation's Capital at new Dulles International Airport near Chantilly, Va.

CONTRACT CARRIAGE

As noted in our two most recent annual reports, we were guided for some time in our determination of contract carrier applications by our decision in *J-T Transport Co., Inc., Extension—Columbus, Ohio*, 79 M.C.C. 695, which construed the 1957 amendments to the Interstate Commerce Act affecting contract carriers. Our decision in this proceeding, however, following review by the U.S. Supreme Court in *Interstate Commerce Commission v. J-T Transport Co.*, 368 U.S. 81, was remanded to us for further consideration, and stands reopened. In essence, the Supreme Court found that in determining an application for a permit, the distinct transportation needs of a given shipper that a contract carrier's service is designed to meet must be borne in mind particularly; that in applying the statutory criteria of section 209(b) of the act, equal weight must be given to the several factors there enumerated; and that no reliance should be placed on a presumption with respect to the effect which a grant of authority to a contract carrier applicant might have on existing carriers. In No. MC-117957 (Sub-No. 1), *Moyer Contract Carrier Application*, 88 M.C.C. 767, decided March 22, 1962, further consideration was given to the 1957 amendments in light of the Supreme Court's decision in the *J-T Transport* case. Petitions to our report in the *Moyer* case are pending.

UNLAWFUL ACTIVITIES

We are continuing to direct our efforts to the elimination of unlawful motor carrier and freight forwarder activities wherein for-hire operations are conducted without appropriate authority through various guises. There has been no noticeable decrease in the number of formal proceedings to determine if operations actually conducted come within the licensing requirements of the act, and, as in the past, the true situation in each case usually has been obscure. The activities in question generally have been conducted under complicated arrangements which are changed frequently under various claims of exemption or exclusion from the regulatory scheme. Often such claims are mutually contradictory, and lengthy hearings and extensive staff effort are required to dispose of these proceedings. Nevertheless, the past year has been one of accomplishment, and particularly so in view of the approval by the courts of the approach taken by this Commission in determining the complicated factual and legal questions involved. However, there is continued resistance to economic regulation on the part of those engaging in gray area activities, and it is expected that many cases will continue to be forcefully litigated before this Commission and in the courts.

Buy-and-sell.—Perhaps the oldest of the gray area activities, buying and selling of the goods transported by a carrier who purports to be a dealer but who is fundamentally interested in the transportation profit from the carriage involved (or variations of this plan), has been presented in a number of our proceedings. Orders enjoining such unlawful for-hire operations were entered in *Smith Grain Co., Inc., Investigation of Operations*, 86 M.C.C. 767; *Meinerz Creamery Co.—Investigation of Operations*, 88 M.C.C. 77; No. MC-C-3165, *Stewart—Investigation of Operations*, 89 M.C.C. 281, decided May 10, 1962; and No. MC-C-2745, *Wallace—Investigation of Operations*, 89 M.C.C. 593, decided June 6, 1962. Of interest, however, is the fact that, in both the *Smith Grain* and the *Wallace* investigations, many of the questioned operations of the respondents were found to be bona fide private carriage. With respect to such operations these proceedings were discontinued.

A number of buy-and-sell cases wherein respondents were found by the Commission to be conducting unlawful operations are still pending in court on complaint of such respondents. These are *Fraering Brokerage Co., Inc., Investigation of Operations* and *Emma Shannon et al., Investigation of Operations*, both reported at 81 M.C.C. 337, and *Shelby Biscuit Co., Investigation of Operations*, 84 M.C.C. 131.

In *Church Point Wholesale Bev. Co. v. United States*, 200 F. Supp. 508, which is the first of the Commission's buy-and-sell cases decided since the enactment of section 203(c) of the act to be judicially reviewed, the U.S. District Court for the Western District of Louisi-

ana, Lake Charles Division, sustained our "primary business test." The *Church Point* case held that the respondents therein dealt in sugar as a secondary business for the profit accruing from the transportation thereof and were for-hire carriers of sugar despite the fact that their transportation of sugar achieved economies and efficiencies beneficial to their primary (wholesale grocery) business activities. This is an important substantive court decision and should aid us in our continued efforts to eliminate this pseudo form of private carriage. Another is the decision in *Cahaba Steel Co. v. United States*, civil action 2669, the U.S. District Court for the Southern District of Alabama, decided January 17, 1962.

Leasing.—In recent years the supplying of drivers and equipment through various arrangements to a shipper who in turn purportedly assumes the burden of transportation has contributed some of the most complicated cases in the gray area. In reality, in many instances, the shipper is purchasing a complete transportation service. A variation of this is the provision of a transportation service by a third-party entrepreneur purportedly acting solely as the agent of the owner of the goods transported. Another is the coordinated use of equipment and driver by two or more shippers where, in substance, they are acting as partners providing a carrier service designed to meet the needs of each. Orders enjoining various unlawful for-hire operations of this type were entered in *Cross Country Truck Rentals, Inc.—Declaratory Order*, 86 M.C.C. 417; *John J. Casale, Inc., Contract Carrier Application*, 86 M.C.C. 657; *Huffman—Investigation of Operations*, 88 M.C.C. 437; No. MC-C-3096, *Southwest Service Co.—Investigation of Operations*, decided December 29, 1961; No. MC-C-3079, *Center America Corp.—Investigation of Operations*, 88 M.C.C. 740, decided March 15, 1962; No. MC-C-3361, *United Retail Merchants' Stores, Inc.—Investigation of Operations*, 89 M.C.C. 183, decided April 27, 1962; and No. MC-C-3155, *G & W Transfer Co. Inc.—Investigation of Operations*, 89 M.C.C. 251, decided May 4, 1962, in which petitions are pending. Of these, the *Casale* proceeding has already successfully withstood the respondent's challenge in court.

A most significant case involving gray area problems in the past year is the Supreme Court decision in *United States v. Drum*, 368 U.S. 370, which reversed the judgment of a three-judge court in the Western District of Oklahoma and sustained the Commission's order in *Oklahoma Furniture Mfg. Co.—Investigation, Operations*, 79 M.C.C. 403. Prior to the *Drum* decision each time the Commission struck down a newly conceived plan of evasion, that particular decision has been taken by others and with modifications has served as a manual for still a new plan of evasion. The *Drum* decision held that in distinguishing between private and for-hire carriage in the "leasing" prob-

lem area, the determination does not depend solely upon whether the purported private carrier has the exclusive right to control the transportation operation. This decision, instead, places a greater emphasis on the fundamentals of the challenged operations and approves the Commission's effort to measure the substance of doubtful situations. In another gray-area case, *Pacific Intermountain Exp. Co. v. M & M Oil Transp., Inc.*, 84 M.C.C. 513, the cease-and-desist order of the Commission was upheld by dismissal of a court complaint with prejudice.

Automobile transportation.—In generally similar instances but in situations where automobiles singly or in tandem are moved by the driveaway method, and where there is thus no leasing question, there has been an unusual amount of activity in the past year. These proceedings often involve operational features similar to both the buy-and-sell and leasing cases. In this area cease-and-desist orders were entered in *Mock Investigations of Operations*, 86 M.C.C. 529; *Studna Investigation of Operations*, 88 M.C.C. 52; *Spencer—Investigation of Operations*, 88 M.C.C. 243; No. MC-C-3326, *Service Associates, Inc.—Investigation of Operations*, 89 M.C.C. 33, decided March 29, 1962; and No. MC-C-2999, *Nash—Investigation of Operations*, 89 M.C.C. 463, decided May 22, 1962, in which a petition is pending. These cases collectively tend to define quite completely the extent to which automobiles may be transported by persons other than their owners, and to identify a number of owner-driver-third party arrangements which clearly constitute for-hire carriage for which authority is required. The *Spencer* case, wherein respondent held out a transportation service to the public, provided such a service and attempted to negate a for-hire carrier status by utilizing casual operators and disclaiming responsibility and control over the operations, is pending in court on complaint of the respondent. *Spencer* was found by the Commission to be engaged in for-hire carriage in violation of the act.

Agricultural cooperative exemption.—During the past year one effort was made to attack the Commission's decision (reported fully last year) in *Machinery Haulers Assn. v. Agricultural Commodity Serv.*, 86 M.C.C. 5, but failed when the court dismissed the complaint. This case, comprehensive in its construction of the law, sets forth the qualifying criteria of a cooperative association, delimits the extent of the transportation services which such an association may provide, and establishes standards for determining whether the association actually controls the motor vehicles employed. The decision limits the exempt transportation to that which benefits directly or is functionally related to the activities of its members as farm producers or purchasers. The effect of the decision is to reduce the possible use of the so-called agricultural cooperative exemption of section

203(b) (5) as a device to provide disguised for-hire carriage in evasion of the licensing provisions of the act.

Shippers association exemption.—Reference has been made in earlier reports to the failure of the regulated freight forwarder industry to grow in proportion to the expansion in our national economy. Possibly this failure has been due in some part to the greatly increased activities of self-styled shippers' associations and agents purportedly operating under the "exemption" of section 402(c) of the act. Many of these are clearly bona fide. Others are of doubtful status, and are conducting operations and providing service indistinguishable in all essential respects from those of freight forwarders as defined in the act. The fundamental purposes of the so-called shippers' association "exemption," as well as the general manner in which it should be interpreted and construed, were considered in detail in No. FF-C-7, *Atlanta Shippers Assn., Inc.—Investigation*, 316 I.C.C. 259, decided May 14, 1962. It was found that the respondent association, its non-shipper organizer, and its several consolidating and distributing "agents," acting in concert, were engaged in transporting or providing transportation of property for compensation in violation of the licensing provisions of the act. All respondents were directed to cease and desist from such unlawful operations. The report discusses the purposes and application of section 402(c) in a comprehensive manner. Of particular importance is the finding that, in general, a corporation may not lawfully act as a bona fide shippers' association within the meaning of section 402(c) (1). Division 1 concluded that the Congress did not intend to include corporations within this exemption, thereby allowing shippers to gain the advantages of having an exempt association acting on their behalf while the corporate form of organization shielded them from the customary risks and liabilities of shippers. This proceeding has been determined to be one involving an issue of general transportation importance.

Other more recent cases in which the principles established in the *Atlanta Shippers Assn.* decision were deemed to be controlling and in which unauthorized for-hire freight forwarding operations were found to exist are: No. FF-C-1, *Carload Shippers Assn., Inc., Investigation*, 316 I.C.C. 535, decided June 4, 1962, in which the allegation of examiner bias also was raised and rejected; and No. FF-C-8, *Federal Shippers Assn., Inc.—Investigation*, 316 I.C.C. 523, decided June 28, 1962, in which for-hire motor carriage conducted within the commercial zones of Miami and Fort Lauderdale, Fla., by A-1 Truck Rentals, Inc., in connection with shipments moving in the association's service, were also found to be unlawful under part II of the act. Petitions are pending in both the latter proceedings.

SUBSTITUTED SERVICE—MOTOR FOR RAIL

In this area we have sought to strike a balance that would both safeguard the interests of independent motor carriers and, at the same time, enable railroads, through motor affiliates, to offer a more efficient and economical service. In No. MC-67916 (Sub-No. 3), *New York Central Transport Co.—Modification*, 89 M.C.C. 389, decided May 16, 1962, a subsidiary of the New York Central Railroad Co. asked that we eliminate key point restrictions contained in certain of its certificates, and thus permit it to perform a substituted service on traffic theretofore handled by its parent. Such restrictions normally provide that no shipment shall be transported between any two of the named key points, or through, to, or from more than one such point. They are customarily attended by other conditions designed to insure that the proposed service is auxiliary to, or supplemental of, the railroad's operations. In the *New York Central* case there was abundant evidence of economies and improvements in service which could be achieved through a motor operation; but counterbalancing this was the deleterious effect which a total removal of key points would have upon the operations of existing motor carriers. Accordingly, we conditioned their removal upon imposition, in lieu thereof, of so-called key point zones which are territorial areas wherein an all-motorized substituted service may be conducted. Where an interzonal movement is proposed, a prior or subsequent rail haul still is required. This landmark decision recognizes that not all situations lend themselves to any one concept of substituted service, and that key point zones may be established as an alternative to key points or to a prior or subsequent rail haul condition where such zones would be the most appropriate method of combining a more flexible operation with adequate protection of existing carriers. However, under differing circumstances, in No. MC-19201, *Pennsylvania Truck Lines, Inc.—Key Points Restriction*, 88 M.C.C. 505, decided December 27, 1961, in which petitions are pending, approval was given to the elimination of key points by substituting an immediately prior or subsequent rail haul restriction; also in No. MC-78786 (Sub-No. 224), *Pacific Motor Trucking Co. Extension—Reno, Nev.*, 89 M.C.C. 81, decided April 5, 1962, where the key point removed no longer served as a distribution hub for the parent railroad's operations, a key point restriction at a point more distant on the rail line than the one eliminated was prescribed.

The cited proceedings dealt with situations where the rail carrier's motor affiliate proposes a genuine substituted service. Where, however, the authority sought by a rail instrumentality is in the nature of an unrestricted motor operation, subject to none of the conditions which are normally imposed to assure service which is genuinely

auxiliary and supplemental to that of the rail carrier, we have uniformly required a justification of "special circumstances." In No. MC-19778 (Sub-No. 38), *Milwaukee Motor Transp. Co. Extension—Washington*, 89 M.C.C. 41, decided March 30, 1962, the position that a proposal to serve off-rail points is not a true substituted motor for rail application was reaffirmed. A similar view was taken in No. MC-78786 (Sub-No. 236), *Pacific Motor Trucking Co. Extension—Automobiles*, 89 M.C.C. 645, decided June 28, 1962, where the points involved were stations on unaffiliated rail lines. In each case the record failed to justify a finding of "special circumstances," whose meaning is discussed in some detail in No. MC-60012 (Sub-No. 49), *Rio Grande Motor Way, Inc., Extension—Silverton, Colo.*, 89 M.C.C. 189, decided March 26, 1962. It was there stated that the standard is one of compelling necessity as might exist in the absence of an authorized independent motor carrier, or the inability of those available to furnish an adequate service. Petitions are pending in both the *Milwaukee* and the *Rio Grande* proceedings.

CEMENT

One of the more recent developments in the transportation industry has been the nationwide trend toward the use of motor service for the delivery of cement. For many years the railroads had handled most of the great volume of cement moving from cement mills to consumers throughout the country. With the advent of the pneumatic tank trailer in 1958, however, this situation changed radically, particularly in the East; and cement producers, for competitive and other reasons, began installing facilities to load cement into motor vehicles for movement by highway. In *H.C. Gabler, Inc., Ext.—Cement From Md. and Pa. Counties*, 86 M.C.C. 447, decided July 19, 1961, we had under consideration 43 applications filed by numerous motor carriers and by 5 rail affiliates, some seeking certificates and others seeking permits, to transport cement from cement mills located in Pennsylvania, Maryland, and West Virginia. The applications were supported by both producers and consumers, who emphasized the inherent flexibility of motor carriage and their need for service directly to building and road construction sites located at off-rail points. Viewing the overall transportation requirements of both segments of this important industry, we concluded that only authorities to operate as motor common carriers should be granted; and that the present and future public convenience and necessity generally require the services of two motor carriers from each of the cement mills in questions. Most of the independent (nonrail) applicants involved were granted certificates; and Black Diamond Transport Co., one of the rail-owned applicants, was found to have shown the requisite "special circumstances" warranting the grant to it of a cer-

tificate authorizing unrestricted motor carrier operations from the plants served by its parent railroad. Following this decision, however, we heard oral argument on the limited question of whether the present records disclose those "special circumstances" which would justify the issuance of unrestricted operating rights to the rail-affiliated applicants. This phase of the problem is pending. The *Gabler* decision greatly facilitated our disposition of a considerable number of cases involving the motor transportation of cement from and to other points and areas throughout the United States.

CHEMICALS

A most significant decision for liquid chemical haulers was reached in No. MC-109637 (Sub-No. 74), *Southern Tank Lines, Inc., Extension—St. Bernard, Ohio*, 88 M.C.C. 127, decided October 16, 1961. There, upon further consideration of the various descriptions employed in operating authorities issued to motor carriers of liquid chemicals, we redefined the commodity description "liquid chemicals, in bulk, in tank vehicles"; found that a revised commodity description should be promulgated for use in making future grants of operating authority; and outlined a procedure for reforming outstanding certificates and permits authorizing the transportation of liquid chemicals in accordance with the revised commodity description. The purpose of the revised definition is to enable motor carriers with liquid chemical authority to provide a service flexible enough to meet the changing conditions of the chemical industry. The *Southern Tank Lines* report also prescribes a line of demarcation between liquid chemicals and other liquid commodities transported by motor tank carriers. In this connection, the report notes that there are two types of chemically produced liquid commodities which may not be transported under "liquid chemicals" authority: the first being those, such as potable liquids or molasses, which by common usage are not considered to be embraced within the term "liquid chemicals," and the second consisting of those basic petroleum products, such as gasoline, kerosene, and fuel and lubricating oil, which fall almost exclusively within the province of transporters of petroleum products. A number of petitions have been filed by carriers seeking to substitute the revised commodity description in lieu of those contained in their present certificates and permits, and these petitions now are being processed in accordance with the procedure prescribed for their handling.

The criteria set forth in the *Southern Tank Lines* case, *supra*, have been applied in a number of subsequent decisions; including No. MC-113779 (Sub-No. 132), *York Interstate Trucking, Inc., Ext.—Harris County*, 88 M.C.C. 680, decided March 2, 1962, in which liquid petroleum coke intended for use as a carbon black ingredient was found

to be a basic petroleum product and not a liquid chemical; No. MC-109637 (Sub-No. 143), *Southern Tank Lines, Inc., Extension—Whiskey*, 88 M.C.C. 635, decided February 2, 1962, in which whiskey was determined to be a commodity to which the "common usage" test is applicable and hence not a liquid chemical, the report noting that the same conclusion is warranted with respect to other beverages and liquid foodstuffs. In No. MC-31600 (Sub-No. 467), *P. B. Mutrie Motor Transp., Inc., Ext.—Louisville, Ky.*, 88 M.C.C. 597, decided January 24, 1962, however, denatured rum intended for use as a tobacco flavoring ingredient, was held to be a liquid chemical, chiefly because of its nonpotable character and intended industrial use. This last decision is pending on a petition.

COMMERCIAL ZONES AND TERMINAL AREAS

The prescription of zones adjacent to and commercially a part of particular municipalities, contemplated by section 203(b)(8), and related matters continue to occupy our attention. In most instances the commercial zone about a municipality is fixed by the population-mileage formula prescribed in the initial report in Ex Parte No. MC-37, *Commercial Zones and Terminal Areas*, 46 M.C.C. 665, but in a number of instances, zone boundaries have been fixed specially in order to adjust the limits to particular geographic and economic situations. Related to the commercial zone exemption is the recognition that a motor carrier authorized to serve a municipality may serve, as part of its terminal area within which certain service may be provided under section 202(c)(2) of the act, the commercial zone of that point. The zones of two important municipalities, New York, N.Y., and Chicago, Ill., were redefined in certain respects, No. MC-C-2, *New York, N.Y., Commercial Zone*, 88 M.C.C. 336, decided November 17, 1961, and No. MC-C-3, *Chicago, Ill., Commercial Zone (Extension—Bridgeview and Hickory Hills, Ill.)*, 86 M.C.C. 735. In another report in No. MC-C-3 a request to enlarge the Chicago zone in another respect was denied, *Chicago, Ill., Commercial Zone (Extension—Elk Grove, Ill.)*, 88 M.C.C. 329. A request to expand the zone of Cincinnati, Ohio, was also denied, Ex Parte No. MC-30 *Cincinnati, Ohio, Commercial Zone*, 88 M.C.C. 789, decided January 24, 1962. The general rule establishing a population-mileage formula for determining the geographical limits of zones about municipalities, promulgated in Ex Parte No. MC-37, provides for the automatic expansion of commercial zones which have not been specifically defined, whenever the corporate limits of a municipality are changed by annexation or otherwise. Recent instances have occurred, however, where for local reasons a particular annexation may have taken a bizarre shape, so that bare application of the general rule would lead to an absurd result. In one such instance, No. MC-C-3199, *Cen-*

tral Freight Lines, Inc., v. East Texas Motor Freight Lines, Inc., 89 M.C.C. 637, decided June 26, 1962, such an annexation was not recognized as determinative of the zone.

We had occasion also to consider the extent to which the commercial zone and terminal area exemptions have application to the operations of motor affiliates of rail carriers. In No. MC-67916 (Sub-No. 3), *New York Central Transport Co.—Modification, supra*, we concluded that the rail affiliate's operations were those of a motor carrier, not those of a railroad, and that its terminal area at any point it is authorized to serve is accordingly coextensive with the commercial zone of that point as set forth in the sixth supplemental report in Ex Parte No. MC-37, 54 M.C.C. 21.

Then, with respect to passenger operations, it was pointed out in *Rose Extension—Cheshire, Conn.*, 86 M.C.C. 723, that although passenger carriers are not excluded from the benefits of section 202(c), terminal area pickup and delivery service is not ordinarily a concomitant feature of a passenger carrier's operating practice, especially insofar as the transportation of passengers rather than package express is concerned. Accordingly, following the holding of an earlier report in the *Commercial Zones* case, it was found that the terminal areas of passenger carriers are confined to the corporate limits of the points they serve.

Three reports discussed situations to which the usual population-mileage is inapplicable. In New England particularly and elsewhere there exist political subdivisions called towns which frequently embrace a municipality bearing the same name. The initial report in the *Commercial Zones* case made clear that such towns were not municipalities and hence do not have commercial zones. In No. MC-28489 (Sub-No. 3), *Border Exp., Inc., Extension—East Milinocket, Maine*, 88 M.C.C. 491, decided December 21, 1961, a carrier authorized to serve such a town sought also to serve a point in the adjoining town. It was held that the general rule did not apply because the town involved had no commercial zone. An unincorporated community was considered in *Burks Motor Freight Line, Inc.—Investigation*, 86 M.C.C. 395, wherein a carrier was authorized to serve a junction which was found to be an integral part of Sterlington, La. In accordance with the rule earlier promulgated for unincorporated communities, which embraces a population-mileage formula analogous to that established for incorporated municipalities, a determination was made that the carrier could provide service to a certain plant site located within 2.5 miles of the post office at Sterlington. In No. MC-45194 (Sub-No. 4), *Lattavo Bros., Inc., Ext.—Neville Island Gateway Elim.*, 89 M.C.C. 600, decided June 6, 1962, a carrier holding specific authority to serve Neville Island, Pa., claimed the right to serve Pittsburgh, Pa., as a point within the former's

commercial zone. It was held, however, that Neville Island is neither a municipality nor an unincorporated community, and that a grant of authority to serve the island is territorial in scope and cannot be expanded through the implied authority concept. A petition is pending in this proceeding.

In No. MC-C-3199, *Central Freight Lines, Inc., v. East Texas Motor Freight Lines, Inc., supra*, a narrow semicircular strip of land annexed by the city of Orange, Tex., which in turn circumscribed a much larger land mass not included in the city limits, was found not to be a part of the municipality of Orange either for the purpose of determining the commercial zone limits of that community or of other nearby points under section 203(b)(8), and consequently the terminal area of carriers authorized to serve such points. The situation considered therein was regarded as an anomalous one, and specific application of the general rule promulgated in Ex Parte No. MC-37 would defeat the purpose of the statutory exemptions.

Problems related to the terminal area exemption provisions of section 202(c) arose in connection with the movement of traffic from and to Hawaii. In *Western Motor Tariff Bureau, Inc., v. Matson Nav. Co.*, 86 M.C.C. 652, motor carrier pickup operations from points within described California port terminal areas, extending as far inland as 40 miles, by drayage agents on behalf of a water carrier, engaged in the transportation of property between ports in Hawaii and California and subject to the jurisdiction of the Federal Maritime Board, were found not to be exempted from regulation under part II of the act inasmuch as the water carrier itself may not perform the motor carrier pickup operations without authority from us. The report notes that in Public Law 86-3, 86th Congress, March 18, 1959, commonly referred to as the Hawaii Statehood Act, Congress did not provide for any exemption from the certificate requirements of part II of motor carrier services in terminal areas for a water carrier not subject to regulation under part III of the act; hence, motor carriers performing such services on behalf of water carriers subject to the jurisdiction of the Federal Maritime Board, must have appropriate authority and collect their published charges for the services.

ALASKA "GRANDFATHER" APPLICATIONS

A report consolidating certain applications for Alaskan motor carrier operating rights and titled No. MC-123298, *Al Renk & Sons, Inc.—Alaska "Grandfather" Application*, 89 M.C.C. 91, decided April 11, 1962, represents the first definitive conclusions with respect to the standards to be employed in motor carrier applications for Alaska "grandfather" authority filed under section 206(a)(5) of the Interstate Commerce Act, as amended, July 12, 1960. The report authorizes applicants to continue certain operations as common carriers trans-

porting general commodities, with exceptions, between described points and areas in Alaska, and reflects a liberal interpretation of the statutory amendment in the light of its language and legislative history. The omission of the statutory requirement heretofore found in "grandfather" amendments to the effect that an applicant must be "in bona fide operation" between points for which authority is sought is construed as indicative of an intent that Alaskan "grandfather" applicants be relieved of proof that their operations on and subsequent to the critical date of August 26, 1958, were as substantial and frequent as those required in presenting proof of operations by applicants under previous legislation. In this regard, the adverse effect of frontier conditions upon the keeping of exact records was taken into account. Consideration also was given to the current development of the Alaskan highway system, particularly on the Kenai peninsula. The report expresses the hope that the guidelines drawn in the *Benk* decision would lead to the handling of similar applications under informal procedures. Petitions against this decision were pending at the close of the reporting year. Hearings in other key Alaska applications were held in Spokane, Wash., and at Anchorage, Alaska.

WATER CARRIERS

In *Moran Towing & Transp. Co., Inc., Extension—Great Lakes*, 314 I.C.C. 287, and 315 I.C.C. 591, decided February 14, 1962, on reconsideration, eight applications for water carrier authority by tug and barge between ports along the Atlantic coast, on the one hand, and, on the other, points on the Great Lakes were denied inasmuch as no deficiency in existing services was established. In *Heart of Texas Transp. Co., Inc., Common Carrier Applic.*, 314 I.C.C. 579, the report noted that the operation proposed therein may accurately be termed a pioneer operation and authorized applicant to provide a tug and barge service between New Orleans, La., and the Denison Dam on the Red River, near Denison, Tex., serving intermediate points. The service is to be provided with barges and tugs using twin hydrojet units capable of navigating barge flotillas downstream at a speed of about 15 knots and upstream at about 10 knots.

OTHER IMPORTANT DECISIONS

In *Harper Motor Lines, Inc., Extension—Wearing Apparel*, 86 M.C.C. 699, attention was given to the term "textiles and textile products" and it was concluded that this description which is employed in grants of operating authorities embraces the transportation of fibers, yarn intermediates, yarns, fabrics, and products made from fabrics which retain more or less completely the strength, flexibility, and other typical properties of the original fibers or filaments. This interpretation should serve to recognize evolutionary growth in the

textile industry and clarify certain confusion which has arisen with respect to the types of commodities that can be transported by motor carriers serving this group.

In No. MC-140 (Sub-No. 2), *Auch Inter-Borough Transit Co., Extension—22 States*, 88 M.C.C. 455, decided December 26, 1961, the role of brokers of motor transportation (noncarriers) was recognized and their familiarity with transportation conditions in the area and with the service proposed was found to be a proper basis for recognizing them as parties of interest to protest applications by motor carriers seeking to transport passengers in special sightseeing and pleasure tours. However, the report also recognized that a broker's standing is not that of a carrier, and that consequently no consideration will be given to the adverse economic effects upon the broker which might result from the issuance of a certificate to the carrier. Petitions are pending in this matter.

In No. MC-117295, *Best Transport, Inc., Contract Carrier Application*, 88 M.C.C. 147, we expressed our disapproval of a growing tendency to create a large number of separate carrier entities under common control of one or more persons or corporations to conduct interstate motor carrier operations finding that the increased administrative burdens and added regulatory problems created by such organization was not in the public interest. Approval was withheld in a similar situation in No. MC-119572, *Schwerman Trucking Co. of Ala., Inc., Contr. Car. Applic.*, 88 M.C.C. 495, decided December 28, 1961.

In *Continental Southern Lines Ext.—Pup Semitrailers*, 88 M.C.C. 547, the use of "pup semitrailers" which were designed to be drawn by buses and to be employed in the transportation of express at the same time as passengers in regular scheduled passenger service was considered. The applicant bus company desired to operate the trailers behind its buses serving points reached in its regular bus service. Applicant's argument that section 208(d) of the act, providing that a certificate authorizing the transportation of passengers may include authority to transport, in the same vehicle with passengers, newspapers, baggage, express, and mail, included the use of these pup semitrailers was rejected; and it was concluded that specific authority must be obtained through a showing of public convenience and necessity. In this particular instance, though recognizing that benefits would accrue to applicant in its internal operations, the report concludes that in view of the lack of showing of any real need for the proposed service, any advantages would be outweighed by the public interest particularly noting that carriers of passengers should devote their efforts primarily to passenger business. Petitions are pending.

In No. MC-704 (Sub-No. 22), *J. O. (Red) Willett Pipeline Stringing Ext.—Pipelines*, 89 M.C.C. 427, decided May 18, 1962, embracing 65 additional applications, recognition was given to the increased use

and development of pipeline transmission facilities for a variety of products other than oil and gas such as wood chips, coal slurry, potash, and sulfur. Grants of motor carrier operating authority to transport machinery, equipment, materials, and supplies necessary for the construction, maintenance, and serving of such pipelines were made in these proceedings.

In No. MC-C-2671, *Pennsylvania Public Utility Comm. v. Hudson Transp. Co.*, 88 M.C.C. 745, decided March 19, 1962, which embraces certain other proceedings including another complaint by the Utility Commission against a second motor carrier, we found that defendants, holding interstate operating authority, were providing service between two points in Pennsylvania via a point in New Jersey to avoid State regulation. Except for the routing, the operations were held to be in intrastate commerce, and the circuitous method of operation was deemed to be a subterfuge employed for the mere purpose of avoiding the laws of Pennsylvania. We entered an order requiring defendants to cease and desist from holding themselves out or performing under certificates issued by this Commission operations found in the report to be, in effect, intrastate in character. This order is being challenged in court action. A similar finding was made in No. MC-C-2732, *Pennsylvania Public Utility Comm. v. Jones Motor Co.*, 89 M.C.C. 605, decided June 5, 1962, in which a petition is pending.

NUMBER OF MOTOR CARRIERS AND BROKERS

The following table shows the number of motor carriers and brokers whose operations are subject to regulation under part II of the act.

Motor carriers	As of June 30, 1961	As of June 30, 1962
Property carriers:		
Common, issued certificates under sec. 206 or 207.....	11,789	11,611
Common, issued certificate under sec. 212(c).....	286	334
Common, issued certificates under sec. 7(c), Transportation Act of 1958.....	326	401
Common, under 2d proviso 206(a)(1).....	2,882	2,986
Contract, issued permits under sec. 209.....	2,373	2,356
Contract, issued permits under sec. 7(c) Transportation Act of 1958.....	26	26
Total property carriers.....	17,682	17,714
Passenger carriers:		
Common, issued certificates under sec. 206 or 207.....	1,150	1,139
Common, issued certificates under sec. 212(c).....	1	1
Common, under 2d proviso 206(a)(1).....	104	100
Contract, issued permits under sec. 209.....	16	16
Total passenger carriers.....	1,271	1,256
Total motor carriers.....	18,953	18,970
Carriers issued certificates of exemption under sec. 204(a)(4a):		
Property.....	29	26
Passenger.....	5	5
Total exempt carriers.....	34	31
Brokers issued licenses under sec. 211:		
Property.....	77	73
Passenger.....	152	165
Total brokers.....	229	238

The table does not include motor carriers operating exclusively under temporary authority under section 210a(a).

INVENTORY OF MOTOR CARRIER OPERATING AUTHORITIES

The program for identifying motor carriers, their routes, the commodities which they are authorized to transport, and other provisions of their operating authorities was brought to a current status near the close of the fiscal year. A test and training period was begun for the purpose of disseminating throughout the Commission the uses of the inventory. Further work is being done to develop a system of information retrieval which will incorporate improvements in electronic equipment since the inventory was originally designed. The day-to-day operations of the inventory, for the present, will consist of keeping the records current in the face of the greatly increased number of applications from motor carriers for operating authority and of supplying data required by the Commission for policy and operational functions.

Consideration is being given to the extension of the system to other areas. Suggestions of this nature have come from management surveys of the Commission during recent years and from members of the Commission's staff. These suggestions have been in regard to the inclusion of second proviso (States rights) carriers, temporary authorities and applications, and insurance, tariff, and certain directory information.

FINANCE PROCEEDINGS

Several new applications involving unifications of major railroads were filed during the year. These applications and those referred to in our prior report, except two which have been decided, are in various stages of procedural consideration.

There was a definite decrease in the number of motor carrier unification applications filed, which may indicate a slowing of the trend toward unifications of motor carriers which has continued for some years.

RAILROAD UNIFICATIONS

Two of the applications involving major railroads, which we referred to in our last annual report as pending have been decided. We authorized The Pennsylvania Railroad Co. to acquire control of the Lehigh Valley Railroad Co., and authority was granted for the Southern Pacific Co. to acquire, by merger, the properties of three of its subsidiaries, Texas & New Orleans Railroad Co., the El Paso & Southwestern Railroad Co. of Texas, and the El Paso Southern Railway Co.

The application of The New York Central Railroad Co. for authority to control The Baltimore & Ohio Railroad Co. was withdrawn, and thereafter The Pennsylvania Railroad Co. filed an application to merge into it The New York Central Railroad Co. Hearings on the proposed Pennsylvania-New York Central merger were scheduled to commence in August 1962. Additional applications filed during the year, involving major railroads, were those of the Illinois Central Railroad Co. and Missouri Pacific Railroad Co., separately, to acquire control of Chicago & Eastern Illinois Railroad Co.; of the Southern Railway Co., through certain subsidiaries, to acquire control of Georgia & Florida Railway Co.; and of Detroit, Toledo & Ironton Railroad Co. to acquire control of The Ann Arbor Railroad Co. An application was filed by the Louisville & Nashville Railroad Co. to acquire control of the Chicago & Eastern Illinois, but it was subsequently dismissed upon the applicant's request. Hearings on a consolidated record commenced in June on the applications of Illinois Central and Missouri Pacific.

Hearings on the application of The Chesapeake & Ohio Railway to control the Baltimore & Ohio were completed. The examiner's report and order recommending approval was served in May 1962, and exceptions were filed. An examiner's report and order recommending approval of the application of the Southern Railway Co. to acquire control of the Central of Georgia Railway Co. also was issued. Exceptions were filed, and the case was the subject of oral argument before the Commission.

The merger application of the Seaboard Air Line and the Atlantic Coast Line Railroad, the separate applications filed by the Southern Pacific Co. and The Atchison, Topeka & Santa Fe Railway Co. to acquire control of The Western Pacific Railroad Co., and the application of the Norfolk & Western Railway Co. to acquire by merger the properties of The New York, Chicago & St. Louis Railroad Co., to control and lease the properties of the Wabash Railroad Co., and to purchase the properties of the Connecting Railway Co., all were heard and briefs were filed. The merger application of the Great Northern Railway Co., the Chicago, Burlington & Quincy Railroad Co., the Northern Pacific Railway Co., and the Spokane, Portland & Seattle Railway Co. required 81 days of hearing before concluding in July. Briefs are due early in January 1963.

Appendix C shows that 36 applications under section 5(2) involving mergers, purchases, joint use of facilities, acquisitions of control, and acquisitions of trackage rights were granted.

Twelve applications to hold the position of officer or director of two or more railroads were pending at the beginning of the year, and 286 such applications were received. Of these, 1 was dismissed, 5 denied, and 279 granted, while 13 are pending.

RAILROAD ABANDONMENTS AND CONSTRUCTION

Applications for authority to abandon lines of railroad increased over the prior year. Compared with the last year's total of 98 abandonment applications, involving about 1,140 miles of line, this year's applications totaled 122, involving about 1,616 miles of line. While most applications involved less than 25 miles of line, the Rutland Railway Corp., after discontinuing all service upon a strike of its employees, requested permission to abandon its entire line of about 392 miles. Hearings have been concluded in that proceeding.

In our 74th Annual Report we referred to the fact that action on the application of the Chicago North Shore & Milwaukee Railway, for authority to abandon its entire line of about 106 miles, was deferred for about 1 year in order to afford time for interested parties to explore all possibilities for profitable operation of the line. After further hearing, we concluded and found in May 1962, that the present and future public convenience and necessity permitted abandonment of the line. Petitions for reconsideration were filed. Also, during the year the Lehigh & New England Railroad Co. was permitted to abandon its entire line of railroad, with certain portions to be acquired and operated by the newly formed Lehigh & New England Railway.

Only 8 applications were filed to construct about 14 miles of railroad, compared to the filing in the previous year of 22 applications for permission to construct about 99 miles.

The number of certificates issued, authorizations granted, and other pertinent data concerning proceedings on applications for abandonment, construction, acquisition, and operation of lines of railroad are listed in appendix C.

TRAIN DISCONTINUANCES

In our last report, we described our jurisdiction to permit the discontinuance or change in the operation or service under section 13a of the act. The number of proposals under section 13a(1) of the act, involving discontinuances or change in operation or service of trains between States, remained approximately the same as for the prior year. A total of 16 proposals to discontinue 58 trains were filed by 11 railroads. Investigations were instituted in respect of all except 5 proposals involving 29 trains. During the year, 8 railroads were permitted to discontinue operation of 50 passenger trains, and continuance was required of 5 railroads involving 26 passenger trains.

Petitions under section 13a(2), involving discontinuance or change in the operation or service between points in a single State, showed a decline. Three railroads filed 3 petitions proposing to discontinue 12 trains, compared with 4 railroads filing 4 petitions to discontinue 65 trains during the prior year. In cases arising under this paragraph of the section, we permitted 3 railroads to discontinue 15 trains and required 2 railroads to continue operating 51 trains sought to be discontinued. Of the 51 trains required to continue operating, 21 are commuter trains of the Pennsylvania Railroad Co. operating to and from Pittsburgh, Pa., and 30 are Pennsylvania-Reading Seashore Line trains operating between Camden, N.J., and southern New Jersey points.

The following table shows the number of proposals pending at the beginning of the reporting year and filed during the year:

Notices filed under section 13a(1)

Carrier	Trains involved	Investigated	Final action
Baltimore & Ohio R. Co.....	2	Yes.....	P
Do.....	12	No.....	A
Boston & Maine R.....	2	No.....	A
Do.....	6	Yes.....	A
Do.....	6	No.....	A
Do.....	5	No.....	A
Chesapeake & Ohio Ry. Co.....	2	Yes.....	P
Chicago & North Western Ry. Co.....	2	Yes.....	A
Do.....	4	Yes.....	A
Chicago & Great Western Ry. Co.....	2	Yes.....	A
Chicago, Rock Island & Pacific.....	2	Yes.....	P
Chicago, South Shore & S. Bend ¹	9	Yes.....	A
Louisiana & Arkansas Ry. Co.....	2	Yes.....	A
Missouri Pacific R. Co. ¹	2	Yes.....	C
New York Central R. Co.....	2	No.....	P
Pennsylvania R. Co.....	5	Yes.....	P
Do.....	2	No.....	A
Pennsylvania R. Co. and Pennsylvania-Reading Seashore ¹	18	Yes.....	C
Soo Line R. ¹	2	Yes.....	C
Southern Pacific Co.....	2	Yes.....	P
Texas & Pacific Ry. Co.....	2	No.....	A

See notes following next table.

Applications under section 13a(2)

Carrier	Trains involved	Final action
Boston & Maine R.-----	7	D
Denver & Rio Grande Western R. Co.-----	2	P
Pennsylvania R. Co. ¹ -----	30	21C-9A
Pennsylvania R. Co.-----	3	P
Pennsylvania-Reading Seashore Lines ¹ -----	30	C
Pennsylvania R. Co. ¹ -----	2	A
Southern Pacific Co.-----	2	A
Southern Ry. Co. ¹ -----	2	A

¹ Pending as of July 1, 1961.

A—Discontinuance permitted.

C—Continuance required in whole or in part.

D—Dismissed.

P—Case pending as of July 1, 1962.

WATER CARRIERS AND FREIGHT FORWARDERS

In our 75th Annual Report we made reference to the fact that the application filed by the Illinois Central Railroad Co. and the Southern Pacific Co. to control the John I. Hay Co., a water carrier, was one of general transportation importance. In March 1962 a report and order withholding approval of the proposed control was issued. Reconsideration was sought, but denied. In May 1962, the pending joint application of the Norfolk & Western Railway Co. and the Chesapeake & Ohio Railway Co. for authority to control the Island Creek Fuel & Transportation Co., a water carrier operating on the Ohio River and its tributaries, was withdrawn by the applicants.

In other proceedings, authorization was given to the merger of the Upper Columbia River Towing Co., Inc., into Pacific Inland Navigation Co., and the merger of Consolidated Navigation Co. and Babbidge & Holt, Inc., into Tidewater Barge Lines, Inc. The control and merger of the Arrow Tug & Barge Co., into the Knappton Towboat Co. was also authorized. An application by the Weyerhaeuser Co., whose principal business is the growth and manufacture of forest products, to merge into itself its wholly owned subsidiary, Weyerhaeuser Steamship Co., was denied. A petition for reconsideration was filed.

Six applications for the transfer of freight forwarder permits were filed during the year, six were granted, and one dismissed.

MOTOR CARRIER UNIFICATIONS

The number of unification applications filed involving all sizes of motor carriers decreased considerably. Expansion programs undertaken in the 1950's have been completed and no significant new ones have been noted. A table showing the degree of concentration among motor carriers of property is included in appendix B.

The Bureau received or reopened 1,271 applications involving motor carriers under sections 5, 210a(b), and 212(b), a decrease of 208 from the previous year, and 13 investigations were instituted under

section 5(7) compared to 19 the previous year. Orders were entered disposing of 1,293 applications and terminating 18 investigations. Four hundred sixty-nine proceedings were pending as of July 1, 1962, a reduction of 63 proceedings under section 5 but an increase of 35 proceedings under section 212(b) over the beginning of the period. Of the applications disposed of, 1,029 were granted in whole or in part, 158 were denied, and 106 were withdrawn or dismissed. Applications granted included 260 under section 5, 104 under the 20-vehicle exemption of section 5(10), 582 transfers to new entities, and 83 grants of temporary authority. Employee boards disposed of 1,056 proceedings, and 80 hearing officers' recommended orders became effective. Petitions disposed of totaled 324.

Of the applications approved under section 5, 47 involved 36 of the 100 largest motor carriers of property (based on 1961 revenues reported to us). Data concerning these authorizations are given in appendix C, pages 230 and 231. Eleven of the authorizations involved mergers of subsidiaries or other system reorganizations.

The following table indicates the condition of our docket with respect to proceedings involving motor carriers under sections 5, 210a(b), and 212(b) :

	July 1, 1960, to June 30, 1961	July 1, 1961, to June 30, 1962
Finance applications, complaints, and investigations under sec. 5:		
Received or instituted.....	1 327	1 271
Reopened.....	20	24
Hearings.....	233	139
Under submission at end of period.....	77	85
Applications disposed of, including reopened proceedings:		
By effective recommended order:		
Granted in whole or in part.....	62	61
Denied.....	13	9
By report of the Commission or a division of the Commission:		
Granted in whole or in part.....	140	95
Denied.....	43	30
By report of an employee board:		
Granted in whole or in part.....	63	104
Denied.....	9	12
Dismissed.....	45	29
Investigations terminated.....	15	18
Pending at end of period.....	335	272
Petitions disposed of.....	164	132
Rulemaking proceeding under sec. 5(1):		
Instituted.....	0	0
Pending at end of period.....	1	1
Temporary authority applications under sec. 210a(b):		
Received.....	162	119
Disposed of:		
Granted in whole or in part.....	117	83
Denied.....	50	35
Pending at end of period.....	7	8
Petitions disposed of.....	38	43
Applications for transfer or lease of operating rights under sec. 212(b):		
Received.....	989	870
Hearings.....	7	13
Disposed of:		
Granted in whole or in part.....	857	686
Denied.....	45	72
Dismissed.....	72	77
Pending at end of period.....	153	188
Petitions disposed of.....	238	149

¹ These figures include for the respective years 19 and 13 proceedings under section 5(7). They do not include 31 and 18 related applications for certificates under section 207, handled concurrently with the section 5 application.

ISSUANCE OF SECURITIES AND ASSUMPTION OF OBLIGATIONS

The total number of applications filed and the aggregate amount of securities authorized under sections 20a and 214 decreased somewhat, although there was an increase as to motor carriers. Authority was granted to issue securities in the principal and par amount of \$258,739,112. Also 1,455,229 shares of no-par-value common stock were authorized. Motor carrier issues accounted for \$98,168,818 of the principal and par amount and 1,380,229 of the no-par-value shares. Corresponding figures for the previous year were \$595,640,105 and 6,183,372 no-par-value shares of which \$80,933,056 principal and par amount and 5,939 no-par-value shares were to be issued by motor carriers. No applications were filed under section 20b.

Authority was granted for the assumption of obligation and liability with respect to \$428,620,866, total principal amount, of securities, of which \$118,875,000 was with respect to railroad equipment-trust certificates. The coupon rate of these certificates ranged from 3% to 5 percent, the selling price from 98.21 to 99.427 percent of the principal, plus accrued interest, and the average annual cost of the proceeds for the various assumptions ranged from 4.10 to 5.20 percent. None of the rates reached last year's high of 5.26 percent; this year's low was 0.06 percentage point lower than last year's, but in general the trend was slightly upward.

One special application for exemption from competitive bidding under the provisions of Ex Parte No. 158, *In re Competitive Bidding in Sale of Securities*, 257 I.C.C. 129, was granted.

During the year 157 applications and 48 petitions involving securities were filed, and 170 applications and 44 petitions were decided. Included were 52 applications filed by railroads or companies controlling railroads, and 105 filed by motor carriers or their noncarrier parent companies. Of the former, 2 applications were filed for the purpose of financing, in whole or in part, railroad acquisition transactions under section 5, while 17 applications were filed for similar motor carrier transactions.

In Finance Docket No. 21801, *Greyhound Corp. Stock*, 90 M.C.C. 215, decided March 19, 1962, the Greyhound Corp. was allowed to diversify its business interests by investing in the Boothe Leasing Corp., of San Francisco, Calif., a company which purchases heavy industrial equipment and leases it to others. The report stated:

As a general rule, it is clear that the issuance by a carrier of securities, or the use of the proceeds from such issuance, generally should be authorized only in those instances where it would be of benefit to or enhance its carrier transportation. * * * The issuance of securities, as proposed by Greyhound, for investment in noncarrier enterprises should be limited, should constitute a proper use of funds, and the investment should be consistent with the proper performance by the carrier of service to the public. In such instances we do not believe the public interest would be adversely affected. Judicious common carrier in-

vestment in stable noncarrier business enterprises, if limited, would contribute to the provisions of a soundly financed common carrier system and would not do violence to the principle that corporations endowed with a public interest should direct their primary activities to the public service nature of their operations.

RAILROAD REORGANIZATIONS

On July 31, 1961, the Commission ratified the appointment of three trustees of the property of The New York, New Haven & Hartford Railroad Co., debtor, in proceedings pending in the U.S. District Court for the District of Connecticut for reorganization of the debtor pursuant to section 77 of the Bankruptcy Act, as amended. On March 7, 1962, a plan of reorganization was filed by the debtor. This was the only petition for reorganization of railroads under that section filed during the year. It represented the 66th such proceeding, in which 39 reorganizations have been completed and 20 have been discontinued without reorganization.

In The New Jersey & New York Railroad Co. reorganization proceeding, a final report on the plan of reorganization is under consideration by the Commission.

In the proceedings for reorganization of the Boston & Providence Railroad Corp., a petition was filed for ratification of the appointment of a substitute trustee of the property of the debtor. No plan of reorganization has been filed in The Atlantic & Danville Railway Co. reorganization proceeding, referred to in our last two reports.

Appendix D contains a list of railroads in reorganization or receivership, and summaries of railroad mileage involved in such proceedings at the end of 1959, 1960, and 1961, and at stated intervals since 1895.

GUARANTY OF LOANS

During the year five applications for loan guaranties of \$23,900,348 under part V of the act were received. Related applications under section 20a for authority to issue or pledge securities accompanied four of the part V applications. At the beginning of the year there were pending three part V applications seeking total loan guaranties of \$21 million. During the year seven applications involving guaranties of \$39,055,000 were approved. One application involving \$5,845,348 was pending at the end of the year.

The applications approved brought the total approvals since commencement of the loan guaranty program in August 1958 to 26, embracing loan guaranties in total amount of \$167,372,360. Also the issuance or pledge of securities was authorized in 23 related applications under section 20a.

All of the applications received during this year were from eastern district railroads. The financial condition of most of the railroads in that district generally was no better, and in some instances worse, than it was when the emergency loan guaranty legislation was passed

in 1958. Of the 30 applications seeking loan guaranties of \$193,192,-808 received since the inception of the program, 24 applications involving \$166,392,808 (or 86 percent of the total guaranties sought) were from eastern district railroads.

As mentioned elsewhere in this report, The New York, New Haven & Hartford Railroad Co. became a debtor under section 77 of the Bankruptcy Act early in this year. Up to that time, loan guaranties under part V totaling \$23,159,400 had been made to that railroad. At the time it filed its petition for reorganization under section 77, the New Haven had outstanding loan guaranties under part V with an unpaid principal balance of \$21,796,480. In October 1961, with funds obtained through a supplemental appropriation, certain of the lenders were paid a total of \$14,675,740, representing unpaid balance of principal, \$14,375,000, and accrued interest, \$300,740. The remainder of the unpaid balance of the principal of such loans, \$7,421,480, represents the amount unpaid on outstanding equipment obligations covering diesel-electric locomotives and certain machinery and equipment. These obligations have been assumed by the trustees of the debtor railroad to enable them to continue its operations. From the time the New Haven went into receivership in July 1961, guaranties of loans to the trustees aggregating \$12,500,000 have been authorized under part V. Such loans are secured by trustee's certificates and constitute an expense of administration by the court having jurisdiction and as such constitute (with one minor exception) a direct first lien on all of the properties of the debtor railroad.

Part V contains provisions for modifications during the term of the guaranty, with the Commission's consent, as to the rate of interest, time of payment of interest or principal, security, or other terms and conditions of the guaranties entered into, or the renewal thereof. Practically all of the guaranties approved thus far are for the maximum 15-year period provided in part V. A considerable number of requests for modifications have been received. Up to the end of this year 36 supplemental reports and/or orders have been issued disposing of such requests and one request was then pending. It is anticipated that for various reasons there will be many instances where the railroads and the lenders involved in existing loan guaranties will find it necessary or desirable to seek further modifications during the period of the guaranty. It will also be necessary to continue the policing and servicing of the guaranties during the entire life thereof. The loan guaranty authority under part V will expire June 30, 1963, except as to applications then pending and guaranties made up to that date.

Under pending legislation, at the request of the President, the administration of the loan guaranty authority would be transferred to the Department of Commerce.

SERVICE AND FACILITIES

The development and performance of the carrier modes regulated by the Commission are discussed under the general headings of Coordination of Carrier Operations, Railroads, Motor Carriers, Water Carriers, Freight Forwarders, and Pipelines. A section on Labor-Management Relations concludes the chapter.

COORDINATION OF CARRIER OPERATIONS

The continued growth of trailer-on-flatcar service, frequently referred to as piggyback or TOFC operations, was the predominant feature of service coordination among the various modes of transportation. Rates and charges for coordinated service are discussed in the chapter "Rate Proceedings and Activities."

Rail-Highway Service

Increases were recorded in volume of traffic in this service, number of carriers participating therein, and number of cars equipped for it.

As shown in the following tabulation, the increase in the number of pieces of rail equipment loaded in trailer-on-flatcar service continued but at a lower rate in 1961 than in 1960. Also, loadings in the first half of calendar 1962 were markedly higher than in the first half of 1961 for the country as a whole. These changes from the preceding period reflect the relatively unfavorable general economic conditions existing during the first half of 1961. Improvement during the second half brought higher levels of production which carried over into the first half of 1962. Loadings in 1961 in the western district decreased by 5.7 percent, but in the eastern and southern districts they increased 13.9 and 51.8 percent, respectively, resulting in a 6.7-percent increase for the railroad industry as a whole. The weekly average (11,370 cars) and the maximum loadings in 1 week (13,498 cars) in 1961 were higher than in 1960. The number of reporting carriers increased to 58 in 1961 from 55 in 1960.

In the first half of 1962, 60 carriers reported loadings and the number of loadings increased 20.5 percent. The eastern and southern districts had increases of 30.5 and 69.4 percent, respectively. The western district increase was only 2.3 percent. In the first half of 1962, carloadings averaged 13,262 cars per week, and the maximum week showed 15,196 cars loaded in this service.

The western district share of the carloadings declined from 49.6 percent of the total in 1959 to 42.9 percent in 1961. The percentage for the eastern district went up slightly while that of the southern district increased from 2.6 to 8.6 percent. It will be recalled that the southern lines were less active in inaugurating the service than lines in the other districts until the past few years.

Trailer-on-flatcar loadings¹ by districts, 1959-62

	Calendar year—						First half of—			
	1959		1960		1961		1961		1962	
	Cars	Per-cent	Cars	Per-cent	Cars	Per-cent	Cars	Per-cent	Cars	Per-cent
Cars loaded:										
Eastern district.....	198,492	47.8	251,523	45.4	286,625	48.5	131,513	46.0	171,586	49.7
Southern district.....	10,783	2.6	33,412	6.0	50,729	8.6	22,543	7.9	38,196	11.1
Western district.....	205,881	49.6	269,180	48.6	253,892	42.9	132,010	46.1	135,032	39.2
Total.....	415,156	100.0	554,115	100.0	591,246	100.0	286,066	100.0	344,814	100.0
Percent increase from the previous period:										
Eastern district.....		52.2		26.7		13.9		1.6		30.5
Southern district.....		21.1		209.9		51.8		163.7		69.4
Western district.....		49.8		30.7		^d 5.7		^d 4.7		2.3
Total.....		50.0		33.5		6.7		3.5		20.5
Weekly average.....	7,984		10,656		11,370		11,003		13,262	
Maximum week.....	9,188		12,224		13,498		12,609		15,196	
Number of reporting railroads.....	50		55		58		58		60	

¹ Includes gondola cars and flatcars loaded with van containers (without trailer chassis and wheels).

^d Decrease.

Source: Association of American Railroads.

The numbers of railroads participating in trailer-on-flatcar tariffs in 1957-59 and 1962 are shown below. Data previously reported for the years 1960 and 1961, which cannot now be refined, are omitted because they included roads participating in automobile multilevel-car tariffs yet not parties to TOFC tariffs. The former service was to some extent an outgrowth of the transportation on flatcars of highway trailers carrying automobiles. The number of class I carriers participating in these tariffs represented 96 percent of the total number of such carriers.

Number of railroads participating in trailer-on-flatcar tariffs, 1957-59, 1962

	As of June 30—			
	1957	1958	1959	1962
Class I line-haul railroads.....	57	57	60	101
Other railroads.....	(¹)	31	41	131
Total.....	(¹)	88	101	232

¹ Not available.

The number of railroad cars equipped for trailer-on-flatcar loading on June 30, 1962, was 17.5 percent greater than 12 months earlier. As of June 30, 1962, there were 6,718 railroad-owned cars and 7,563 privately owned cars of this type. There was a 1.3-percent increase in railroad-owned cars, compared with the number on June 30, 1961. The increase in privately owned cars was 36.8 percent. As a result of these disproportionate increases, the railroad-owned cars now represent only 47 percent of the total, compared with 54.5 percent on June 30, 1961.

*Flatcars equipped for trailer-on-flatcar (piggyback) service, 1959-62*¹

	As of June 30—							
	1959		1960		1961		1962	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Railroad owned.....	4,571	66.9	6,106	56.3	6,630	54.5	6,718	47.0
Privately owned ²	2,264	33.1	4,740	43.7	5,527	45.5	7,563	53.0
Total.....	6,835	100.0	10,846	100.0	12,157	100.0	14,281	100.0
Percent increase over previous year.....	63.1	-----	58.7	-----	12.1	-----	17.5	-----

¹ Includes some gondola cars and flatcars for carrying van containers (without trailer chassis and wheels).

² Includes cars owned by pools which are in whole or in part owned by railroads.

The 73d and 74th Annual Reports contained descriptions of the five basic plans under which the railroads operate trailer-on-flatcar service. Two trade periodicals during the first half of 1962 published the results of separate surveys of the available service. The surveys appear to differ as to date of the information, treatment of railroad systems, and railroads covered. The number of roads in each of the surveys did not approach the number participating in tariffs. Limiting the tally of survey data to class I railroads or systems, according to the treatment by the surveys, plan II was being provided by the greatest number of railroads, followed closely by plan III. Plans I and IV ranked third or fourth, depending upon the survey used. In the survey in which it was fourth, plan I was not tallied in cases in which the service was available only to the motor carrier subsidiary of the railroad. Plan V was available on slightly more than half of the roads in each survey.

One-third to almost two-fifths of the roads, again depending upon the survey, offered piggyback service under all five plans, and only three or four offered service under one plan alone. The numbers of carriers offering two, three, or four plans increased in that order.

In 1 survey, 59 roads replied to the inquiry relative to the plan having the fastest growth. Plan III was placed in that category by 27 roads, plan II by 25 roads, plan I by 6 roads, plan V by 1 road, and

plan IV by no roads. There was no identification of the roads as to size (class I or class II), nor as to how many were originating, terminating, or intermediate lines.

Some railroads enlarged tunnels or lowered tracks in tunnels or under other clearances to permit the passage of high-level loads, which would include piggyback shipments in some instances, via routes more economical or timesaving than those theretofore necessary because of clearance limitations. Trilevel automobile rack cars also are an example of such high-level loads.

New train ferries operated by a railroad across Lake Michigan are expected to increase the piggyback traffic of the carrier.

New terminals were built and other terminals were improved or enlarged by a number of railroads to handle the increased TOFC traffic or to permit faster, selective unloading of containers and trailers. Some yards were newly equipped with gantry cranes or other loading and unloading devices by which trailers or containers could be loaded on or unloaded from cars in the middle of a string of cars without necessitating the movement of the loads on either side.

A car manufacturer introduced a new flatcar fully equipped to accept any unitized load without equipment modification. Any container, built to current specifications, can be loaded by side transfer with conventional highway tractor equipment, crane, forklift, or straddle carrier. The use of conventional tractors makes the service available to any railroad station. The runways of the car are low enough to permit use of bilevel and trilevel auto racks on the cars.

A private car line proposed to market a four-wheel, 44-foot lightweight freight car which would be adaptable to handling highway trailers or containers by side loading.

A railroad leased 100 demountable containers capable of carrying chilled or frozen shipments as well as nonperishables. It is hoped that the use of these containers will tend to eliminate empty return movements running as high as 12 to 1 through the use of the containers for nonperishable shipments to the west coast and for eastbound produce under refrigeration.

Railroads and railroad controlled refrigerator car lines increased their fleets of refrigerated highway trailers for use in piggyback service, on the basis of their success with fast trains in competing with over-the-road motor carriers for perishable shipments.

REA Leasing, a subsidiary of REA Express, made nitrogen-cooled trailer units available on a per diem basis to railroad, forwarder, motor carrier, and shipper members of the leasing company's equipment pool. The precooling of the van containers is not necessary as the refrigeration system will produce desired temperatures in less than 5 minutes. Liquid nitrogen is sprayed from a single perforated

pipe running lengthwise on the interior roof of the trailers. Shrinkage and spoilage are said to be negligible.

The type of semitrailer known as "Railvan," referred to in prior annual reports, has been renamed "Roadrailer" by the railroad using it. As described in our 73d Annual Report, these vehicles are equipped with both rail and highway wheels. The carrier announced it hoped to develop flatcars, tank cars, and gondolas of this type.

Trailer-on-flatcar service was enlarged by some rail carriers through addition of stations at which rail movement of trailers or containers could originate or terminate. Other means of increasing the service were the establishment of fast, long-distance piggyback trains, such as that scheduled from the west coast of Florida to the New York area in 31 hours, primarily for the handling of perishables, and the transportation of presorted mail in trailers or containers by passenger trains from St. Louis to Houston and from Chicago and Kansas City to the San Francisco Bay area.

REA Express established "Unit-Pak" service providing for flat charges for the movement of shipper-loaded REA or shipper-supplied containers carrying up to 101 cubic feet of any commodity in any load mix. The flat charge also applied to empty shipper containers. The service was made available by the original tariff over 1,180 routes between 35 points of origin or destination. Charges were lower for multiple-container shipments, but break-bulk service was made available for deliveries to multiple consignees at each destination.

A new service between the New York City area and the Midwest, operated by a railroad and a group of truckers, became available late in the fiscal year. The local truckers consolidate less-than-truckload shipments in trailers for movement by the rail carrier. All billing and other clerical work is performed by the truckers, the railroad serving only as the carrier between its terminals.

An organization was formed in Chicago to encourage the interchange among railroad men of experiences and opinions relating to piggyback traffic.

Coordinated service advantages have accrued to shippers generally in the form of lower handling costs and faster movement of shipments, and to carriers from reductions in transportation expenses and increased traffic. Shippers also have benefited from receipt of shipments in better condition and the carriers' loss through claim payments has been lessened.

All rail carriers have not benefited from trailer-on-flatcar service. Various switching railroads have lost traffic when line-haul roads have bypassed them by the transfer of trailers to other line-haul carriers or direct delivery to consignees through the use of highway instead of rail power.

Land-Water Service

In May 1962, service was commenced whereby shipments in railroad cars moved between Alaska and Canada or the 48 contiguous States without the necessity of transferring the lading from the car until arrival at the final rail destination. Canadian National Railways "Aquatrains" (tug-and-barge) service transports the cars between Prince Rupert, British Columbia, Canada, and Whittier, Alaska, in 4½ days. The water equipment has a capacity of 24 freight cars, including piggyback units.

A roll-on-roll-off service was initiated between Miami and Guatemala by a subsidiary of a domestic freight forwarding company. The vessels will carry fourteen 40-foot refrigerated highway trailers, petroleum in bulk, and 50 automobiles of American standard size.

Air-Surface Service

REA Express announced an air-surface transport service for express shipments to or from Alaska and points in the 48 contiguous States. The air movement is between Seattle, Wash., and Anchorage or Fairbanks, Alaska, in lieu of conventional coastal steamship transportation. Existing surface express charges apply to the new service which saves as much as 5 days.

Containerization

As stated in our last report, American standards for containers of 8 by 8 feet and nominal lengths of 10, 20, 30, and 40 feet were approved and issued jointly by the American Standards Association and the American Society of Mechanical Engineers. The Van Container Subcommittee of the American Standards Association approved a motion to increase the height standard to 8 feet 6 inches. This change has not been accepted by the governing bodies. Other task forces considering container corner fittings, weights and loadings conditions, and other features of container standardization continued their deliberations.

The International Container Bureau voted to accept the 8- by 8-foot container in lengths of 10 and 20 feet in general transport in Europe, subject to limitations as to maximum weights. The acceptance of these American-size standards should be of value to American shippers and transportation companies participating in European trade.

A car manufacturer feels that its 50-foot "full-door" boxcar opens a new avenue to containerization. The car can provide a 50-foot 6-inch by 9-foot 3-inch side opening, which can reduce the time normally required for loading or unloading standard boxcars by as much as 75 percent.

RAILROADS

General Conditions Affecting Service

Several parts of the country experienced severe weather conditions and floods, disrupting train operations and causing car shortages. Delays occasioned by flash floods, washouts, inclement weather, and bridge failures were minimized by necessary rerouting. Thus, the weather continues to be an important determinant as far as service is concerned.

Another factor which could seriously affect service is the threatened critical boxcar shortage, particularly in the higher grades and wide-door 40-foot and 50-foot cars, and, to a lesser extent, in the covered hoppers. In certain parts of the country the shortage is attributable to the heavy shipment of surplus Government grain. In other areas the carriers' unhealthy economic condition has resulted in further reductions of serviceable boxcars. Serious concern over this shortage was expressed directly and through congressional sources by shippers. Areas involved ranged from Maine, where cars were needed for paper loading, to the northwestern part of the country, where lumber shippers were apprehensive of the car shortage. Shippers of clay in Georgia registered vigorous complaints. Fear was expressed over the possibility of an inadequate car supply to handle the yearly grain harvest.

Highlighting the overall boxcar shortage is the trend toward greater use of specialized equipment. At the same time there were surpluses of low-grade boxcars and certain types of open-top equipment. The car shortage is critical. Any slight increase in carloadings could bring about a chaotic condition in the available supply of cars necessary to handle the Nation's rail traffic.

Many threatened work stoppages throughout the year required field representatives to take precautionary measures to prevent traffic congestion. The only serious work stoppage, however, was the strike of the employees of the Rutland Railroad in September 1961. With operations completely paralyzed, the carrier applied for abandonment.

Car Supply

Serviceable freight car ownership continued its downward trend (1,540,719, June 1, 1961—1,513,318, June 1, 1962) as a result of curtailed expenditures on the part of the railroads. Carloadings showed an increase from July 1, 1961, to December 31, 1961; but during the remainder of the fiscal year, carloadings hovered at a constant rate, with no significant increase or decrease noted.

To assure the shipping public an adequate supply of equipment despite the reduced freight car ownership, a program of maximum freight car utilization was emphasized. Agents of the Bureau of Safety and Service made preliminary surveys well in advance of the

movement of seasonal commodities to determine needs of shippers, availability of storage, and adequacy of carriers' transport equipment.

Movement of the annual grain harvest continued to be the most important car supply and distribution problem facing the railroads. No other single commodity movement exerts such strain on the boxcar supply over a short period of time as harvesting of the winter wheat crop, which usually gets underway about the middle of May. Adding to the problem is the Commodity Credit Corporation program for relocating old grain stocks from country elevators and storage to other storage outside the producing areas, along with a sustained export movement by that agency. This continuing and shifting shipping requirement adds to the strain upon the available car supply. To prepare for this gigantic task, the Southwest granger roads, at an early date, begin to assemble, condition, and store thousands of boxcars near the country loading stations. During the movement of the grain crop, special emphasis is placed upon the carriers' duty to furnish an adequate car supply and to keep down the number of cars undergoing or awaiting repairs. Every effort is made to obtain the most equitable distribution of the available cars to protect grain loading needs. Through the field force, stationed at strategic points in the harvest areas, we closely police the prompt placing of cars for loading, the pulling and disposing of loaded cars, through movement, prompt placing at unloading points, removal and forwarding of empty cars to loading areas, adequate grain inspection and bulletining of cars, and car handling at terminals and ports. Any complaints of car shortages, unequal distribution of equipment, and inadequate switching are promptly investigated and, whenever possible, handled locally for correction.

Shipper demand for special equipment has generated numerous changes in railroad equipment since 1933, and has resulted in an increase in ownership of specially equipped cars tailored to meet shipper needs.

For example, there are now in use more than 65,000 covered hopper cars, over 54,000 boxcars equipped with load protection devices such as "DF" (damage-free), and over 18,000 piggyback and bilevel and trilevel cars designed for transporting automobiles. There are over 14,000 so-called plug door cars which are suitable for a shipper who wants a single- or double-door car. Increasing numbers of cars equipped with shock control devices and 100-ton hopper cars also are being added to the freight car fleet.

Many new types of special equipment recently making their debut resulted from a mechanical engineering breakthrough in the use of aluminum in the manufacture of hopper and gondola cars. There are presently 1,205 aluminum cars in use and 300 more on order. The

advantage of this type of equipment is that it allows an increase of payload by reducing the weight of the equipment.

Another equipment introduction was the boxcar with wide-door openings on either side. Loading and unloading time is significantly decreased, as it affords great flexibility to mechanical materials-handling equipment.

The covered hopper, which first came into the picture in the 1920's to carry cement, has increased in popularity until now it is used in the transportation of more than 100 different commodities. Ownership has trebled within the past 10 years. Despite increasing utilization of the covered hopper for a greater number of commodities, carriers have maintained an adequate supply. Covered hoppers have been specially equipped with pneumatic discharge gates, special linings, and waterproof seals for handling flour, sugar, grains, and other bulk commodities which are intended for human consumption and must be protected from contamination.

Mechanical-type refrigerator cars have been accepted by the fresh fruit and vegetable industry, and during the past year demand increased for this type of transportation. Many RS type ice-bunker refrigerator cars have been equipped for constant operation of air circulation fans while under load to produce controlled temperatures. This modification of the 40-foot ice-bunker cars also resulted in an increase of cubical loading capacity by about 10 percent. The supply of refrigerator cars was generally adequate during the fiscal year.

In addition to the modifications mentioned above, today's cars have a much greater carrying capacity than did those in use in 1933. Then the average capacity of a freight car was 47.1 tons. Today, average carrying capacity is 55.8 tons.

Car Ownership and Condition of Cars

General.—Class I freight car ownership continued to decline during the year, and as of June 30, 1962, was the lowest reported since 1940. The Commission again presented testimony before congressional committees expressing concern over the decline in the freight car fleet and recommended corrective legislation.

Ownership of freight-carrying cars in the United States as of June 30, 1961, and June 30, 1962, follows:

	1961	1962
Class I railroad ownership.....	1, 637, 703	1, 582, 103
Class I railroad controlled refrigerator cars.....	64, 313	60, 271
Private car owners (exclusive of railroad controlled refrigerator cars).....	257, 194	262, 302
Class II and all switching and terminal railroads.....	32, 104	31, 899
Electric railroads.....	1, 657	1, 611
Grand total, freight-carrying cars in United States.....	1, 992, 971	1, 938, 186

During the year class I railroads and their controlled refrigerator lines installed 25,342 new freight cars. During the same period 84,984 cars were retired.

Orders were placed for 36,639 new freight cars of all types, as compared with 28,571 during the previous year. On June 30, 1962, there were 13,274 new cars on order and undelivered, compared with 11,821 on the same date in 1961.

There was some decline in the percentage of unserviceable equipment during the year. Unserviceable freight cars averaged 8.9 percent of total ownership, excluding controlled refrigerator lines. This was a decrease of 0.4 percent and 12,266 cars in the yearly average of unserviceable cars, which reflected a decline in average ownership of 51,710 cars compared with the preceding year. This continued high percentage of unserviceable cars, together with a net decrease of 241,616 cars in total class I railroad ownership and a decrease of 234,046 serviceable freight cars in that ownership since July 1, 1958, is of considerable concern to this Commission.

Serviceable freight car ownership of class I line-haul railroads and their controlled refrigerator lines was 1,510,840 on June 30, 1962, compared with 1,547,049 on June 30, 1961. Serviceable class I railroad ownership declined to a low of 1,452,888 cars on June 30, 1962, the lowest serviceable freight car ownership since 1938.

Compared with the year ended June 30, 1961, total car ownership of class I line-haul railroads and their controlled refrigerator lines declined 59,642 cars; however, their serviceable ownership declined only 36,209 cars.

Boxcars.—On June 30, 1962, class I railroads owned 650,281 boxcars, a decrease of 28,689 in boxcar ownership, compared with the same date in 1961.

The decrease in the ownership of plain boxcars also was disturbing. Ownership of such cars decreased 34,578 cars, while equipped boxcar ownership increased 5,889 cars. Most of the equipped boxcars are in assigned service and are returned empty, decreasing the number of boxcars available for general service. The highest boxcar ownership in recent years was on February 1, 1958, when 685,869 plain boxcars and 50,942 equipped boxcars were owned. Compared with the June 30, 1962, ownership, there is a loss of 94,436 plain boxcars and an increase of 7,906 equipped boxcars. Reports from the carriers indicate better maintenance, better distribution, and better utilization of automobile and equipped boxcars as compared to plain boxcars. On June 30, 1962, 8.3 percent of plain boxcars were being held for repairs, while only 6.0 percent of equipped boxcars were so held. Dur-

ing the fiscal year boxcar shortages averaged 1,861 cars per day with a high of 5,320 boxcars and a low of 418 boxcars. During that period shortages of equipped boxcars were reported during 17 weeks with a high of 125 cars and a low of 30 cars, all in the central western district. The distribution of plain boxcars was such that it became necessary to issue Service Order No. 939 to accomplish the return of wide-door 40-foot plain boxcars and 50-foot plain boxcars to their owners. Class I railroads installed 7,368 new boxcars, but retired 36,057 during the year. The carriers ordered 7,527 new boxcars compared with 8,063 during the previous year. On June 30, 1962, there were 2,818 boxcars on order and undelivered, compared with 2,835 on June 30, 1961.

There were 52,687 unserviceable boxcars reported on June 30, 1962, or 8.1 percent of the total owned, compared with 59,806, or 8.8 percent of ownership on the same date in 1961, and 53,388, or 7.6 percent of ownership, on the same date in 1960. During the year, unserviceable boxcar ownership averaged 8.3 percent of ownership, compared with an average of 8.4 percent of ownership in 1961.

Shortages in damage-free, insulated, high-grade boxcars, as well as all double-door cars, prevailed during the entire year, but there was an adequate supply of lower grade boxcars.

Serviceable boxcar ownership was 597,594 cars on June 30, 1962, the lowest ever reported, and 21,570 cars less than on the same date of 1961. The loss in serviceable plain boxcar ownership during the year was more pronounced because of an average unserviceable ownership of 8.4 percent. Average serviceable plain boxcar ownership decreased 25,527 cars. The average serviceable ownership of equipped boxcars increased 2,463 cars, and the average unserviceable equipped boxcar ownership was 7.1 percent.

Refrigerator cars.—Between July 1, 1961, and June 30, 1962, the railroads and railroad-controlled carline companies installed 2,900 new refrigerator cars and retired 6,170. Ownership was reported to be 87,666 on June 30, 1962, compared with 91,053 on June 30, 1961. Refrigerator cars on order as of June 30, 1962, totaled 2,847, compared with 1,602 the previous year. Unserviceable refrigerator cars amounted to 3,483, or 4.0 percent of ownership, compared with 5,479 unserviceable refrigerator cars and 6.0 percent of ownership on the same date last year.

Shipper demands for the mechanical RP and RPM types of refrigerator cars continued to increase for the loading of commodities such as frozen foods (including fruits, berries, vegetables, meats, prepared foods, and citrus concentrates). The increased use of mechanical-type cars has taken some of the load off the RS type of heavily insu-

lated cars. Beginning with only 4 practical mechanical cars in service in 1946, the ownership had increased to 6,243 on January 1, 1962.

Covered hopper cars.—Class I ownership of covered hopper cars was 67,129 on June 30, 1962, an increase of 2,134 cars compared with the same date in 1961. While covered hopper cars were first put into service in the 1920's, covered hopper ownership was included in "coal, coke and ore" ownership until 1946. At that time there were 12,525 covered hoppers owned and leased by class I railroads. Because of their value in handling bulk commodities which require protection against moisture and contamination, ownership has increased to nearly 65,000 units. Average ownership of covered hopper cars during fiscal year 1962 was 65,838, an increase of 1,681 cars over the same period in 1961. With 2.7 percent of ownership unserviceable, compared with 2.5 percent in 1961, serviceable ownership of covered hopper cars averaged 64,090 in 1962, an increase of 1,565 over 1961. With an average daily surplus of 940 cars and an average daily shortage of 117 cars during the year, there were 3 weeks when no shortages were reported. Present covered hopper car ownership falls somewhat short of meeting requirements. Class I railways installed 2,415 new covered hopper cars, and retired 281 cars, compared with 2,042 new cars installed and no retirements during the last fiscal year. Orders were placed for 4,806 new covered hopper cars, and 1,781 remained to be delivered on June 30, 1962.

Hopper cars.—As of June 30, 1962, class I ownership of hopper cars (other than covered hoppers) was 459,812, a decrease of 16,574 cars during the year. Decreases in class I hopper car ownership have been continuous since April 1, 1948, at which time a high of 527,898 cars was reported. Orders were placed for 9,268 new cars, compared with orders for 6,286 new cars for the previous year. On June 30, 1962, there were 2,419 cars on order and undelivered. Unserviceable hopper cars averaged 9.2 percent of ownership, compared with 10.6 percent of ownership during the previous year and 8.7 percent of ownership during the year ended June 30, 1960.

The number of unserviceable hopper cars decreased during the year, from 9.9 percent of ownership on September 1, 1961, to 8.0 on June 30, 1962. The decline in percentage of unserviceable ownership was the result of retirements rather than any concerted program of heavy repair.

The carriers installed 10,340 new hopper cars, but 27,297 cars were retired.

Serviceable hopper car ownership was reported to be 423,058 cars on June 30, 1962. Serviceable hopper cars averaged 423,056 cars,

a decrease of 9,685 cars compared with the previous year's average. Serviceable hopper car ownership was below that of any year since a separation in reporting open-top equipment in 1943. Hopper car surpluses were recorded during most of the year with minor shortages reported. No serious hopper car shortages developed except during October 1961 and in June 1962 when daily shortages as high as 1,120 were reported.

Gondola cars.—Class I ownership of gondola cars was 252,952 on June 30, 1962. Gondola car retirements exceeded installations, and at the close of the fiscal year a net loss of 8,875 cars was recorded. The number of unserviceable gondola cars continued high during the year, with some improvement during the last quarter when the percentage of unserviceable gondola cars was reduced from a high of 13.9 percent to 12.3 percent. Unserviceable gondola cars averaged 13.1 percent of total ownership, compared with a yearly average of 13.0 percent in fiscal 1961 and 10.3 percent in 1960.

Serviceable gondola car ownership averaged 223,019 cars, a decline of 8,342 cars below 1961. Serviceable gondola ownership on June 30, 1962, was reported to be 221,883 cars, the lowest recorded since the separation in reporting open-top equipment was made in 1943.

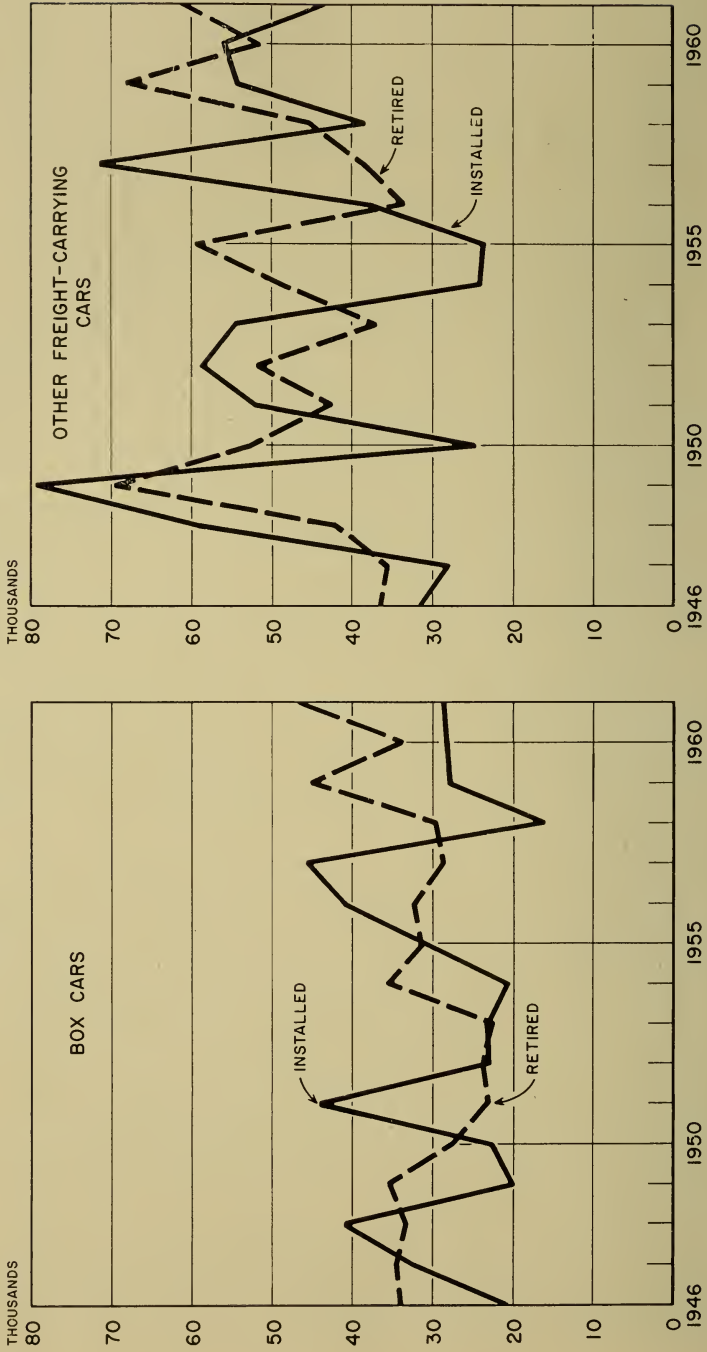
Orders were placed for 732 new gondola cars, compared with 2,141 in 1961. On June 30, 1962, there were 510 such cars on order and undelivered. No net shortages were reported nationally, although surplus cars were practically exhausted and small shortages appeared at the end of the fiscal year, principally in the Eastern-Allegheny and Southern districts. The demand for covered gondola cars was high throughout the year.

Flatcars.—Class I ownership of flatcars was 53,652 on June 30, 1962, a decrease of 206 cars compared with the same date in 1961. Flatcar ownership has been stable for several years, with little change in ownership. Unserviceable flatcars held for repair averaged 6.7 percent of total flatcar ownership, compared with an average of 6.4 percent in the previous year. Orders for 4,941 new flatcars were placed, compared with 4,068 during the fiscal year 1961.

Supply was generally adequate but some difficulties were encountered in meeting requirements for special-type and heavy-capacity cars for loading at farm implement plants and increases in requirements for "piggyback" loading.

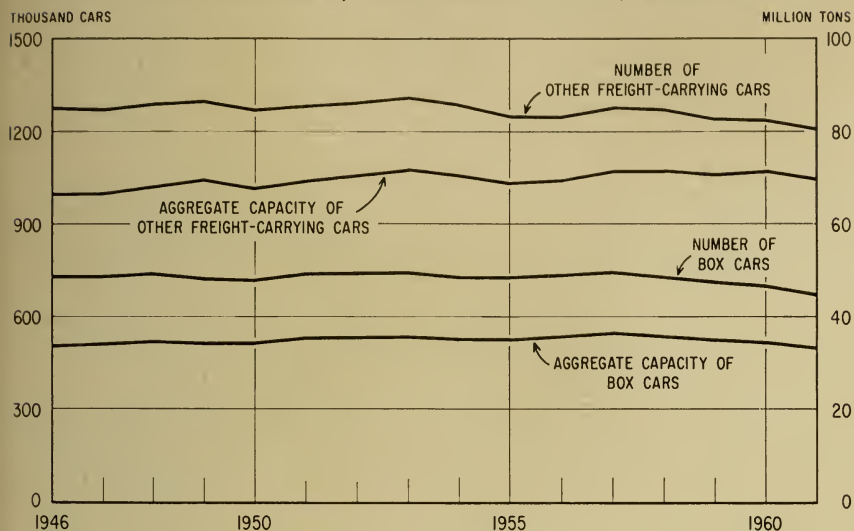
The accompanying charts show installations and retirements of boxcars and other freight cars and their number and aggregate capacity for the calendar years 1946 to 1961.

INSTALLATIONS AND RETIREMENTS OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILROADS, 1946-1961



Source: I.C.C., Bureau of Transport Economics and Statistics,
Transport Statistics in the United States.

NUMBER AND AGGREGATE CAPACITY OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILROADS PLUS PRIVATE CAR LINES, ON OR ABOUT DEC. 31, 1946-1961



Source: I.C.C., Bureau of Transport Economics and Statistics,
Transport Statistics in the United States

Utilization of Freight Car Equipment

In order to meet the growing needs of industry, rail carriers increasingly must provide specialized equipment. In addition, the highly competitive field of transportation has resulted in many necessary innovations which increase utilization, reduce costly damage-in-transit claims, and better meet the needs of shippers. Some of the various types of cars now in operation are the all-door boxcars, the entire side of which rolls up. The car, thus, is open on the side from one end to the other and materials can be forklifted into any portion of the car. Other cars include the 85-foot boxcars with a 30-inch travel cushion underframe to absorb coupling shocks, 50-ton wide-door boxcars; bulkheaded lumber flats; special container ore cars, covered hopper cars; special coke cars; carbon-electrode cars, wood chip cars; the 100-ton cars for bulk materials; and, of course, the growing fleet of trailer van cars.

The number of cars retired during the past year far exceeded replacements. The class I railroad freight car fleet has shrunk to 1,582,103 cars, with 8.2 percent of this number undergoing or awaiting repairs. Despite the reduction in the Nation's freight car fleet, the utilization of the available freight car equipment continues at a high level. Loadings averaged 44.94 tons per carload in 1961, exceeding the 44.38 tons' average the previous year, the highest average recorded

to 1960. However, the tons originated in 1961 were 3.75 percent below the previous year and carloads originated decreased 4.96 percent.

Increases were reported in average tons per carload for all commodity classifications as follows:

	Tons per carload originated		Increase
	1961	1960	
Products of agriculture.....	40.95	40.06	0.89 ton or 2.21 percent.
Animals and products.....	16.81	16.12	0.69 ton or 4.28 percent.
Products of mines.....	62.63	61.63	1.00 ton or 1.62 percent.
Products of forests.....	39.92	39.33	0.59 ton or 1.50 percent.
Manufactures and miscellaneous.....	33.02	32.64	0.38 ton or 1.16 percent.
Freight forwarders traffic.....	11.58	11.01	0.57 ton or 5.18 percent.

A total of 26,504,439 carloads of freight originated in 1961, or 1,382,509 cars or 4.96 percent fewer than the previous year.

Although there was a reduction in 1961 of 46,421, 532 tons, or 3.75 percent, under tonnage hauled by rail carriers in 1960, if the tonnage moved in 1961 were loaded on the basis of tons per car loaded in 1960, a total of 335,439 additional cars would have been required to handle the tonnage. Thus a better utilization of equipment was maintained.

Net ton-miles per train-mile in 1961 were 1,508 compared with 1,466 in 1960 and 1,443 in 1959, and net ton-miles per loaded car-mile were 34.7 compared with 34.0 in 1960 and 33.3 in 1959.

Turnaround time on freight cars averaged 19.85 days, compared with 19.16 days in 1960. Trips per year averaged 18.39 for all classes of equipment, compared with 19.1 in 1960.

Car Service Activities

Car service complaints received during the year plainly reveal the need for more efficient freight car use and distribution. Investigations and reports from our field staff show that poor distribution of available cars, excessive delays in returning cars, and general abuses in prospective loading by particular shippers are the prime causes of the existing boxcar shortage. The Association of American Railroads was advised that we expected the carriers themselves to eliminate any malpractices contributing to the shortage, and if the carriers are unable to do so, consideration will be given to instituting formal restrictive action by this Commission.

Because of the boxcar shortage, our field agents were instructed to emphasize coordinated handling of boxcars by carriers and shippers alike. In this connection, it is anticipated that additional car service training now being given agents of the section of railroad safety will aid our field force in obtaining most equitable distribution of the available car supply.

Reports from our agents covering irregularities and violations detected during routine car investigations were submitted during March to the Bureau of Inquiry and Compliance.

In two of these cases the Bureau successfully prosecuted the carriers for violating published tariffs.

An investigation of piggyback operations requested by the Bureau of Inquiry and Compliance was completed and this investigation revealed many irregularities and malpractices in connection with the plan III piggyback operations of various carriers. Because of the growing trend toward this service, surveillance by our field agents is necessary to prevent discrimination or preferential treatment.

A heavy influx of complaints about the inability of railroads in the Northwest to supply cars for loading plywood and lumber resulted in numerous investigations by our field force. This inadequate car supply problem was handled by our section of car service with the Association of American Railroads, as well as with carrier officials. All field agents were directed to take necessary action to eliminate any improper utilization and detention by carriers of equipment needed for this lading.

Reports from our agents continue to indicate that the contributing factors to the shortages of boxcars for lumber loading are abuses and malpractices in the billing and slow routing of cars containing lumber shipments. These irregular practices border closely on violations of the Interstate Commerce Act.

Because of the delicate balance in the boxcar supply requirement, our field agents were required to observe carefully shippers' performances and carriers' handling of this equipment. With cancellation of the 15-day free holding period on lumber shipments by the Canadian railroads, it can be expected that the volume of this traffic will increase via American-owned roads.

Investigations were conducted by Washington personnel on complaints of inadequate car supply for the handling of wood chips moving from several points on the Eastern Shore of Maryland and destined to a large papermill in Spring Grove, Pa. There also was an informal complaint on the unreasonableness of switching charges assessed by the Baltimore & Ohio Railroad. Both of these investigations were handled to a satisfactory conclusion.

The increasing trend of assigning specialized equipment to certain shippers, often resulting in quasi-discriminatory practices, necessitates considerable checking by the agents of the section of car service, inasmuch as carriers employing these practices are insuring certain shippers of an adequate car supply, but at the same time depriving others of such privilege.

Increased automation in records maintenance is making our field investigations more difficult. Use of the new machines for maintain-

ing demurrage records at centralized points often necessitates on-the-ground checking for several days in order to determine the adequacy and validity of records being maintained.

The railroads have put in operation an advanced technological program and have adopted many innovations to draw traffic from other modes of transportation. Many complexities are therefore being encountered by our agents in performing their routine car service investigations. These often require thorough study of tariffs, the provisions of which authorize many new privileges.

Handling of the grain harvest this year resulted in a highly satisfactory performance. As the harvest progressed northward, the plans of the section of car service were invoked and preliminary survey discussions held with the agents located at strategic points in the harvesting areas. These conferences were followed by on-the-spot surveillance to insure prompt handling of equipment by industries and railroads and to effect the inspection of grain without delay.

The formula which proved so successful in handling of the grain harvest later was utilized to assure an adequate car supply to the shippers in the soybean and sorghum areas. As in the handling of the earlier grain harvest, the plan pursued by the section of car service stressed complete coordination of the activities of the respective field zones. This year some fear was expressed of an inadequate car supply for shippers in the Louisiana area. All agents in the areas affected by the shortages were alerted and plans were implemented to alleviate these shortages.

Activities of our agents in the soybean and sorghum areas resulted in a minimum of complaints from shippers of those commodities. As pointed out earlier, similar success was not achieved in meeting needs of shippers in the northwestern part of the country for double-door and 50-foot boxcars used in the lumber industry.

During October several conferences were held with demurrage committees from various parts of the country. Section of car service personnel also met with officials of the Chicago, Milwaukee, St. Paul & Pacific Railroad Co.; St. Louis-San Francisco Railway Co.; and the Baltimore & Ohio Railroad, to discuss car service matters and informal complaints concerning demurrage, storage, and weighing charges.

Demand for express refrigerator cars for loading berries, deciduous fruits, and fresh vegetables in California and Arizona began early in May. Prompt action by agents in the heavy refrigerator car unloading areas (Chicago, New York, Philadelphia, and Baltimore) prevented serious shortages and aided materially in expediting return of cars to loading areas.

Conferences also were held with representatives of the German Embassy and the Public Affairs Advisor of the Bureau of African

Affairs, concerning matters of interest between these agencies and the railroads.

During the last 3 days of February, conferences of all zone supervisors of the section of car service, together with those of railroad safety, were held in Washington, D.C. The principal objective of this conference was to broaden the coordinated work program of the personnel of these two sections.

Due to reorganization of work operations within the Bureau of Safety and Service and an enlarged field force of agents, strategically located, we now are able to promote more efficient car utilization in the interest of shippers, railroads, and the general public.

It is the policy of the Federal Government that initial reliance in a situation of sudden emergency will be placed on the built-in readiness of existing departments and agencies. The Bureau of Safety and Service has responsibility for the mobilization of rail transportation resources and will exercise such controls as may be necessary over interstate rail transportation services. The Bureau is actively organizing and developing its reservist unit, with particular emphasis upon organization and strength at the regional and local level in close cooperation with the industry. For details, see chapter, "Mobilization Planning for Defense."

Reports received from Bureau of Safety and Service personnel designated to work with the executive reservists indicate increased mobilization planning activity in practically every region.

Car Service Orders

A number of service orders authorized joint use of terminals and trackage following cessation of service resulting from complete or partial abandonment by certain railroads. Others permitted rerouting of traffic because of unfavorable weather conditions or work stoppages. These orders are set forth below in detail.

During July several conferences were held with executive representatives of the Missouri Pacific Railroad relative to the issuance of Service Order No. 937. On July 11, 1961, Safety and Service Board No. 1 approved this service order, authorizing the Missouri-Illinois Railroad Co. to operate over certain trackage of the St. Louis-San Francisco Railway Co., the St. Louis Southwestern Railway Co., the Southern Illinois & Missouri Bridge Co., and the Missouri Pacific Railroad Co. This permitted handling of traffic originated or terminated on its line or moving over the lines of the Missouri-Illinois Railroad Co., pending a decision of the Commission in Finance Docket No. 21662. Service Order No. 937, permitting the Missouri-Illinois Railroad Co. to operate from trackage of other carriers, was extended to expire June 30, 1962, by Amendment No. 2.

Service Order No. 938, annulled an embargo placed on the handling of less-than-carload shipments by the New York Central Railroad Co. Following the issuance of Service Order No. 938, the New York Central Railroad Co. filed a petition requesting the Commission to review and reconsider the order, which was denied by Division 3.

The action of the Commission in issuing Service Order No. 938 became a matter of national interest. Numerous inquiries were received through congressional sources concerning this order. The tentative date of October 11 for a hearing before a three-judge court in the U.S. District Court for the Southern District of New York was postponed and no definite date set for hearing. Amendment No. 1 to this order extended the expiration date to October 31, 1961. Amendment No. 2 to Service Order No. 938, Annulment of the New York Central Railroad Embargo, extended the expiration date to January 31, 1962, pending further legal action. Amendment No. 3 to Service Order No. 938 was issued by the Commission on January 29 to extend the expiration date of the order to April 1, 1962. This service order became effective August 26, 1961, and annulled New York Central Embargo 164, which had suspended the acceptance and handling by the New York Central of all interstate less-than-carload shipments of less than trap or ferry car quantities. On January 15, 1962, a three-judge Federal court for the Southern District of New York upheld the Commission's action in this proceeding. Amendment No. 4 to Service Order No. 938 was issued March 30, 1962, extending the expiration date of that order to June 30, 1962. The New York Central Embargo No. 164 was directed against less-than-carload shipments consigned to points on its railroad and was entirely canceled on June 29, 1962.

Service Order No. 934, authorizing the Chicago & North Western Railway Co. to operate over certain trackage of the Chicago, Burlington & Quincy Railroad Co., was extended to June 30, 1962. Service Order No. 935 appointing Director Taylor as Embargo Agent of the Commission was extended to December 31, 1962; and Order No. 937 authorizing the Missouri-Illinois Railroad Co. to operate over tracks of connecting carriers was extended to March 31, 1962.

During December 1961, Service Orders Nos. 928, 929, and 930 were extended to expire June 30, 1962. These three orders authorized the Indiana Harbor Belt Railroad Co.; the Chicago, Burlington & Quincy Railroad Co.; and the Chicago, Milwaukee, St. Paul & Pacific Railroad Co. to operate over certain trackage of the former Chicago Aurora & Elgin Railway Co.

Orders Nos. 928 and 930 were amended by Amendment No. 7 to each order to extend the expiration date to December 31, 1962.

In recognition of a growing and acute boxcar shortage, the Commission issued Service Order No. 939, effective May 27, 1962, covering

utilization of 40-foot plain boxcars with door openings that are 8 feet wide or more and 50-foot plain boxcars. Because of the difficulty experienced by many shippers and carriers in complying with provisions of the order as originally written, it was revised, effective June 5, to liberalize its provisions without divesting it of the mechanics to accomplish the purpose intended. In effect, it covered AAR Special Car Order No. 103, which had been practically ignored by both carriers and the shipping public with the result that there was no observance of its intent. Checks by the field force of the section of car service, Bureau of Safety and Service, indicate considerable interest and desire to comply with Revised Service Order No. 939 by both carriers and shippers, resulting in continuing relocation of boxcars to owning roads.

A precedent was established in the issuance of an order dated March 16, 1962, denying a petition from the Soo Line Railroad Co. to permit that carrier to construct a connection and to use certain trackage between Superior, Wis., and Duluth, Minn. This petition, requesting a service order under section 1(15), was denied on the grounds that provisions of section 1, paragraph 15, of the act do not provide for authorization as described in the petition.

At the beginning of the year, Fifth Revised Service Order No. 95 was still in effect. By Sixth Revised Service Order No. 95 an official of the Association of American Railroads was reappointed as Refrigerator Car Agent of the Commission for a further period of 1 year, effective July 1, 1962.

Revised Service Order No. 562 was also in effect. By Amendment No. 14 thereto, the Director of the Bureau of Safety and Service of the Commission was reappointed as Rerouting Agent for a further period of 1 year, effective May 31, 1962.

Service Order No. 940, which authorized the Chicago, Milwaukee, St. Paul & Pacific Railroad Co. to operate over certain trackage of the Fort Dodge, Des Moines & Southern Railway Co., was issued June 27, 1962. It carried an expiration date of December 31, 1962.

During September, Taylor's ICC Order No. 133 was also issued. Due to the reconstruction of a bridge between Florence and Sheffield, Ala., the order was necessary to permit rerouting of traffic by the Louisville & Nashville Railroad and the Southern Railway. Amendment No. 1 to this order extended the expiration date to March 31, 1962.

During September, hurricane Carla played havoc with transportation facilities. Immediate action was taken to avoid any congestion or inconvenience to the public by issuing Taylor's ICC Order No. 134 under Revised Service Order No. 562, which permitted rerouting of traffic moving via Seatrail Lines, Inc.; and ICC Order No. 135,

which permitted diversion or rerouting of traffic in the States affected by floods and high waters.

On account of a work stoppage on the Rutland Railway Corp., Taylor's ICC Order No. 136 was issued September 21, 1961, permitting the rerouting of traffic by this railroad. At the end of the fiscal year, this order was still in effect. By Amendment No. 7 the expiration date was extended to September 30, 1962.

During the month of November, Taylor's ICC Orders Nos. 137 and 138 were issued authorizing the diverting and rerouting of traffic by the Pittsburgh & West Virginia Railway Co. and by the St. Johnsbury & Lamoille County Railroad, respectively, because of emergencies existing on those lines. No. 137 expired on December 31, 1961, and No. 138 was vacated on December 5, 1961.

Taylor's ICC Order No. 139, effective January 11, 1962, which authorized the Chicago Great Western Railway Co. and its connections to divert or reroute traffic moving over its lines over any available route to expedite the movement, carried an expiration date of January 15, 1962.

Taylor's ICC Order No. 140, effective January 29, 1962, authorized the Midland Valley Railroad Co. and its connections to divert or reroute traffic moving over its lines to any available route so as to expedite delivery. The order carried an expiration date of February 15, 1962.

Taylor's ICC Order No. 141, effective February 7, 1962, authorized the St. Johnsbury & Lamoille County Railroad and its connections to divert or reroute traffic over any available route because of a derailment preventing normal routing. It was vacated March 29, 1962.

Taylor's ICC Order No. 142, effective March 6, 1962, which authorized the Ann Arbor Railroad Co. and its connections to divert and reroute traffic, routed by ferry to and from Menominee, Mich., via any available route because of ice conditions, was vacated March 29, 1962.

Taylor's ICC Order No. 143, effective May 8, 1962, which authorized the Monon Railroad to divert traffic over any available route to expedite the movement, regardless of the routing shown on the waybill, because of work stoppage at South Hammond, Ind., was vacated May 10, 1962.

Taylor's ICC Order No. 144, effective June 28, 1962, which authorized the Fort Dodge, Des Moines & Southern Railway Co. to divert or reroute traffic over any available route because a bridge on its line washed out between Gowrie and Rockwell City, Iowa, carried an expiration date of December 31, 1962.

By authority of Safety and Service Board No. 1, 7 service orders and 10 amendments were issued. One request for a service order was denied.

Progress in Operational Improvements

Although the car shortage has created hardships, the rail industry has, in recent years, made progress toward greater operating efficiency and economy. Underlying this progress has been the impact of diesel motive power; significant changes in signaling, communications, and control devices; and success of automatic or so-called pushbutton freight yards designed for moving cars through the processes of inspection and classification promptly, safely, and economically.

Luminary lighting of yards and terminals for night operation produces daylight efficiency, reducing installation and operational costs over conventional incandescent floodlighting.

Data-processing equipment was installed extensively during the past year by many carriers. This processing equipment has had a direct effect on the field of car service in that it affords the railroads better management and administration of the \$15 billion investment in rolling stock.

Car-reading devices are under test at two locations. The equipment can read "forwarded and received setouts," "direction that the train or car is moving," and "the number and initial" of the car. Adoption and installation of such equipment will increase car service efficiency by feeding such information into data-processing equipment, and then in turn to the entire communications network.

It would be possible at the present time to generate substantially more transportation despite the reduction in the amount of equipment available. Today's higher train speeds, longer trains, faster switching, and automatic handling operations demand a modern load-securing device in the boxcar. All too often the impacts, shocks, and vibrations that accompany high-speed rail freight transportation prove too much for ordinary dunnage or improper stowage of lading. Damage prevention is accomplished in DF cars, said to be damage free and dunnage free. These cars permit the load to be distributed into a number of sections. Damage potential is reduced since the full weight of the load is not free to accumulate slack and shift through the entire length of the car. Nor can the load work against expensive dunnage installations that, too often, are unreliable. Additional advantages are derived from use of the DF car in stopoff shipping. Bracing of the individual stops can be effected at origin, thus ending dependence on a disinterested party to level off the load or otherwise brace the remainder of the material. Pool cars can be patterned for destination without fear of possible mixup of consignment. Segregation of incompatible lading becomes an easy task with this equipment. Heavier loads by the use of decking is a simple matter in the versatile DF.

Containerization, in which less-than-carload lots are packed in containers which can be handily loaded, stored, shipped, and unloaded, is in its infancy; but its long life seems assured. Proper container utilization, when developed beyond present stages, is even expected to help in the recovery of lost world markets for our manufactured goods. It is a means of halting the relentless spiral of handling costs, and consequently assists in the restoration of economic health to important segments of the transportation industry. It could prove to be one of the most important factors in saving the American steamship industry, so vital to our national security.

A particular type of containerization has been adopted by lumber shippers. The cars used for loading this commodity are converted pulpwood cars, modified by extending bulkheads and equipping the cars with a load binder chain thus making it unnecessary to stake and bind loads of lumber on these cars. An entire load of lumber can be loaded or unloaded with a forklift in a matter of minutes by utilizing these "chain cars," thereby completely replacing the old time-consuming methods of loading and unloading.

American cargo-box container inventories (discounting those especially adapted for air transportation) numbered about 125,000 units at the beginning of last year. Of that figure, about 80,000 were military, of the Conex type. The ownership of the remaining units were distributed approximately as follows: railroads, 20,000; marine carriers, 18,000; and motor carriers and private shippers, 5,000. Only a small percentage of the latter figure was owned by the motor carrier group.

The increased use of palletization and automation in loading techniques has required boxcars built with reinforced floors and wide, double, and plug doors to accommodate the use of loading equipment.

Improvements in refrigerator cars also enhance use of these cars in national defense. See chapter, "Mobilization Planning for Defense."

Because of use of a new insulating material, polyurethane, the mechanical refrigerator car can be utilized as a mobile refrigerated warehouse in cities where such warehousing is destroyed. Polyurethane insulation has a heat loss of only 7,000 to 8,500 B.t.u.'s per hour per 100° temperature difference, compared with 15,000 to 16,000 B.t.u. heat loss per 100° difference per hour for conventional insulation. In sections where no rail remains, refrigerated trailer bodies recently put into service by eastern rail lines and carried piggyback can be utilized, since they have the same type of insulation.

The Louisville & Nashville Railroad, along with Pullman Standard, is developing 100-ton hoppers which, because of high capacity and fast unloading, help cut costs for coal shippers.

A recent innovation in connection with hopper car handling has been instituted at Florence, Ala., which features remote control of an unmanned locomotive and conveyer equipment to move coal from hopper cars to river barges. Seated in a tower office overlooking the dumping and conveyer equipment, an operator remotely controls a 44-ton diesel-electric switcher in coupling onto loaded cars, pulling them over an unloading chute, pushing them into an empty-car track, and returning to pick up another cut of 10 cars for unloading. The operator also remotely controls a car shaker, conveyers, and hoists to transfer the coal from the unloading chute into river barges. The present transfer rate averages 3,200 tons in 1 hour and 50 minutes.

The gondola car was once viewed as appropriate only for handling coal, steel sheets, and similar commodities. This car has now taken on a new look, however, being equipped with removable roof sections to give protection against the weather, thus making it possible to handle additional commodities.

One of the most striking advances in car development is shown in covered hopper improvements. Originally the capacity of this car was 1,958 cubic feet. Now the loading space has been increased by amounts ranging to 3,500 cubic feet and more. "Big John" of the Southern Railway has loading space of 4,000 cubic feet. Whether or not a car of this size will ever be required in all sections of the country remains a matter of further study and experimentation. One carrier is already making experiments with such a car and is keeping a close check on shipper and receiver reaction.

Much has been done to encourage bulk food shippers to ship by rail, and carriers have provided special cars for this purpose. One railroad has developed a boxcar larger than anything known up to the present. It permits complete side unloading by a doorway opening the full length of the car. All shippers do not acclaim this car, but its introduction indicates the continuing efforts of the rail industry to attract and retain traffic.

The flatcar served an important function in settling the West, having been widely used for the transporting of emigrant movables. It, too, has undergone modifications in the recent past and today flatcars measure up to 89 feet in length. The movement of automobiles on multilevel flatcars began in a small way, but has grown to sizable proportions. Going into the missile age, the carriers find it necessary to have a car that will safely and satisfactorily handle missiles. One carrier, in cooperation with industries and agencies involved, has such a car in operation.

The growing use of "piggyback" service indicates it has won widespread shipper acceptance. Today, practically every major railroad in the country has some form of this coordinated transport service.

Piggyback is an old concept, but new in its wide adaptation. The mode of service appears to have originated during the Civil War when Army wagons were loaded on flatcars and transported by railroad to and from the scenes of military operations. Through the decades we have seen the circus use the same medium. Commercially, the idea was never exploited to any extent and lay dormant until the practice was revived in the last decade.

The present widespread development of the use of piggyback began in the early 1950's and has grown steadily into a business of magnitude and increasing importance. By the end of 1954, the service was used by 18 railroads for an annual total of 85,000 carloads of freight. Piggyback loadings for 52 weeks in 1961 totaled 591,246 cars, an increase of 37,131 cars, or 6.7 percent over 1960 and 42.0 percent increase over 1959. As of June 30, 1962, 60 railroads originate this type of traffic, compared with 58 in 1961 and 53 in 1960.

The advantages gained by shippers, railroads, and motor carriers employing the piggyback technique have already given rise to a consensus that it is one of the major steps taken in the continuing development of rail transportation. It combines the economy, flexibility, and speed of trucks within terminal areas with low-cost rail haul between widely separated sections of the country. Also of substantial importance is the virtual elimination of loss and damage claims on freight moving in piggyback service.

Numerous advancements in motive power technology included introduction of several new types of locomotives. For the first time in more than 50 years, American railroads imported locomotives. Six diesel-hydraulic units manufactured in West Germany were placed in service on two western lines. In some respects these units present a radical departure from present-day domestic diesel locomotive design. The outstanding design feature is the use of a hydraulic transmission to deliver power from the diesel engine to the drive wheels in lieu of an electric transmission. The hydraulic transmission incorporates use of three torque converters, which are automatically controlled in accordance with diesel engine and locomotive speeds. In addition, the units are equipped with hydrodynamic brakes. Latest reports indicate that service tests are progressing satisfactorily and no difficulties have been experienced with the transmission or final drive. It has been found necessary to effect some minor engine modifications and to rearrange the air intake systems so that air can be inducted from a lower level to overcome a deficiency of combustion air while passing through tunnels. Because of the unique design of these locomotives and the extensive service tests now underway, their performance will be observed closely by the entire rail industry.

Domestic manufacturers introduced several new models of diesel-electric locomotives and continued the advance toward higher horsepower output per unit, increased component service life, improved specific fuel consumption, and improved air filtration and control systems. Numerous carriers have continued to return older type locomotives to the builders for remanufacturing, at which time improved components are installed. One eastern carrier has continued to accept delivery on new 4,400-horsepower electric locomotives. For the first time in this country one of these units, usually equipped with ignitron rectifiers, was built with a silicon rectifier. Similar rectifiers have been used successfully in domestic electric commuter cars and in European locomotives.

One of the larger carriers accepted delivery of the last of 30 oil-fired 8,500-horsepower gas turbine locomotives and has continued work on the development of an experimental 4,500-horsepower coal-burning gas turbine unit. It has been reported that construction of the experimental unit has been completed and that stationary tests using fuel oil and coal are progressing.

Additional electric commuter equipment incorporating the latest developments in traction and control equipment was placed in service on eastern lines. Newly developed insulation and fabricating techniques are extensively used in the traction equipment, and wide use is made of transistorized components in the control systems.

The "Spot" system of locomotive maintenance and inspection continued to increase in popularity and was adopted by numerous additional carriers. The underlying aim of this system is to obtain an improvement in maintenance costs and locomotive availability. Several variations of this system have been developed so that maximum utilization of existing facilities can be realized.

Automated locomotive operation continued to receive attention. An unmanned helper locomotive was operated on a western line while manufacturers demonstrated remote control operation of switcher locomotives and commuter cars.

Progress of static electric devices continued. Much of this development is being directed toward the elimination of main generator commutators and brushes, and for application to control equipment such as load regulators, auxiliary generator regulators, and reverse current relays.

Carriers throughout the country are exploring every avenue for improving their facilities so as to efficiently and promptly handle the traffic offered them. Among the foremost improvements during the past year are the welded quarter-mile lengths of rail laid in track with the aid of specially modified rubber-tired cranes; and mechanized car-cleaning systems among which is one of the pushbutton type, capable of turning out a clean car every 5 minutes and requiring only

a five-man crew. Automotion has also been quite prominent in many other facets of railroad operations. For example, automatic controls have allowed carriers to dispense with the services of an attendant to control the movements of vertical lift bridges. The bridge is normally in a raised position and is lowered automatically upon the approach of a train. For approximately 2 miles in either direction from the bridge, the track circuit detects approach of a train and determines its direction. If the train is headed toward the bridge, sirens on the bridge begin to sound, and the steady green navigation lights change to flashing yellow. There are many precautionary safeguards in case of operating difficulties.

Centralized traffic control systems (CTC) were extended 4,802.9 road-miles in calendar year 1961. Several railroads are replacing their double-track automatic block signal system with single-track traffic control systems. As a result of these installations 359 miles of second main track were taken up during the year.

Highway crossing protection installed in 1961 consisted of 1,012 installations with flashing lights only and 387 with flashing lights and gates.

The number of interlockings in service continued to decline during 1961, and at the end of the year there was a net decrease of 89 interlockings in service. This reduction was caused by the discontinuance of several interlockings and others being combined into centralized traffic control systems.

During the year railroads continued to install safety devices related to signaling systems. These devices included hotbox detectors, dragging equipment detectors, broken wheel detectors, and slide detector fences.

One railroad installed what is probably the world's first talking hotbox detector. It consists of scanners in either direction. As the train passes the scanner location, the name of the railroad and what location it is passing are broadcast by radio. If no hotbox is detected, this broadcast is repeated until the rear end of the train has passed the scanner location. This signifies that the installation is operating and scanning the train. If a hotbox is detected (for example, 345 axles from rear of train on right side), after the entire train has passed the scanners, the broadcast will contain name of railroad and location train is passing, and, in addition, it will state: "First hotbox left side three-four-five." If no additional hotboxes are detected in the train, the message will be repeated for approximately 3 minutes. If second, third, or fourth hotboxes are detected, the broadcast message will contain additional information in a similar format to that of the first hotbox.

During the year several new developments were made in connection with remote control and automatic train operation. A few west coast

railroads are using radio-controlled pusher or helper engines in long freight train operations in mountainous areas. These engines are manned, but the operation of the pusher or helper engine is controlled by radio from the head engine on the long freight train. Several railroads are using unmanned radio-controlled engines in their yards and terminal operations. On the New York Subway an automated train was placed in service between Times Square and Grand Central Station.

The railroads continued to acquire large quantities of communication equipment for use in line of road and yard and terminal operations. Some of this equipment included mobile sets, walkie-talkies, base stations, talkback speakers, and intercom systems.

The number of miles of microwave communications systems in service on railroads continued to increase. Over 700 additional miles were placed in service during the year 1961, and 1,740 miles were under construction. These systems are used to some extent to replace present telephone and telegraph lines, as one microwave beam is capable of transmitting speech and telegraph printing over 24 separate channels. Some railroads are using microwave in lieu of line wires in the operation of traffic control systems.

Electronic data processing continued to receive attention of railroad management. With new technological developments in these data-processing machines, many railroads are now replacing the present machines with new-type computers. These machines have more capacity and speed, which permit additional work not possible with older type equipment.

With availability of computers with increased capacity, the trend of railroads has been toward centralization of all of their accounting operations. Many railroads have already abandoned their local accounting officers and have established a computer center into which all data is transmitted.

MOTOR CARRIERS

Review of compliance records to evaluate fitness of applicants for motor carrier rights is discussed in the chapters, "Operating Authorities" and "Promotion of Safety." The field staff also conducted general investigations and reported upon 4,084 temporary authority applications, an increase of 281 over last year. It received 14,733 informal complaints from shippers, motor carriers, passengers, and others, down 245 from last year, and disposed of 9,938 of them by telephone and letter. Investigations were made of 4,957 complaints, including some pending from the previous year, and 3,816 were concluded by administrative handling. In the remainder, or 1,141 cases, which was 86 less than last year, more detailed investigations were made with the object of instituting court or Commission proceedings.

The large number of these cases continues to be due to increased field activity directed toward unlawful transportation. To determine compliance with the act and regulations, 2,310 general and rate compliance surveys and 6,243 safety compliance surveys were made. Corrective action was taken when warranted.

Motor Carriers of Property

New terminal facilities, some costing more than \$1 million, continued to be built. Special attention was given to their design and equipment so as to provide economical and efficient terminal operation. Examples of improved operating equipment in terminal use are chain conveyor systems to pull freight carts, pneumatic tube systems for handling shipping documents, and electronic devices to record weight of vehicles and shipments. More use was made of control towers in the dock area with elaborate communication systems to connect different places throughout terminals. Another innovation was a control house capable of routing traffic to designated areas by use of an electronic communication system and pneumatic tube installation. Demonstrated during the year was a load-carrying device which floats on a cushion of air. Compressed air lifts the load sufficiently to provide a frictionless floor, thereby easing movement of the load. If this floating carrier proves successful, it could revolutionize truck loading and unloading, platform operation, and the movement of heavy loads in warehouses.

Developments in electronic data-processing equipment moved rapidly. Functions to which data-processing machines are now assigned or intended to be assigned include: revenue accounting, payroll computation, accounts receivable, cash receipts, sales analysis, commodity statistics, labor distribution, personnel records, payroll tax, pension reports, inventories, material distribution, maintenance costs, tire records, motor freight records, drivers' logs, dispatch records, miles operated, general ledger, income and expense ledger, motor fuel records, road tax reports, claims records, claims statistics, financial statements, and analysis and depreciation records. Information is gathered, sorted, and arranged with electronic speed through a data-processing system which directs the flow of freight, motor equipment, and manpower. Announcement was made of the installation of an advanced reading machine which will accept information from freight bills and prepare this data for use in a computer processing system.

Carriers, shippers, and investors coordinated forces to support regulated for-hire carriers and continued to show concern over the extent of unlawful transportation. Further development of the national system of interstate and defense highways and operations of double-bottom vehicle combinations on turnpikes focused attention on the

larger and faster trucks of the future with more horsepower and more gross combination weight. Liberalization of commercial vehicle size and weight limits by various States was characteristic of 1961 legislative sessions. While a number of States enacted more liberal weight limitations, fuel taxes in some States were increased. Mileage tax proposals or ton-mile weight distance taxes were defeated in several States. Liberalization of vehicle lengths was approved by several States. The New York State Thruway Authority approved use of certain turbocharged diesel engines in power units. These turbocharged units pull double-bottom vehicle combination loads of up to 90,000 pounds and are capable of maintaining a minimum of 20 miles per hour ascending 3 percent grades. The units may also be used on non-toll roads. The Thruway Authority also approved use of gasoline-powered tractors with double-bottom combinations.

Standardization of maintenance records to determine efficiency of maintenance operations received attention as did the "demand repair" versus "scheduled repair" basis for maintaining major vehicle components. Fiberglass-reinforced plastics played an increasingly important part in the production of more durable trucks and trailers and, at the same time, provided weight and maintenance savings for motor carriers. The reinforced plastics have a high strength-to-weight ratio, provide good thermal and electrical insulation, and are corrosion resistant.

Announcement was made of development of powerful diesel truck engines, equal in size and slightly heavier than gasoline engines, designed for operations requiring minimum weight, combined with dependability, fuel economy, long life, and low maintenance. Transistorized ignition, said to be available for heavy trucking use soon, offers advantages such as elimination of frequent and costly breaker point replacement, longer spark plug life, easier starting, more efficient combustion, and improved high-speed engine performance. Elimination of excess weight is being explored by improving design and using more aluminum and magnesium. A tandem front-axle tractor was developed to achieve more payload. A combination front suspension system using both air and conventional leaf springs was introduced. It is said to permit stabilization of the front end, improved riding quality, less driver fatigue, and minimum road shocks.

Pneumatic bulk trailer delivery of dry, flowable products used in the cement and chemical industries was adapted to hauling 1-inch lime pebbles with a savings in unloading time. A telescoping platform trailer, 55 feet in length when extended and 35 feet in length when contracted, was put into use. Aluminum and steel dry freight units with 4-inch upper fifth wheels were introduced. The 4-inch component was reported to result in an upper fifth wheel four times stronger than some previous designs. Also announced were heavy-

duty flatbed trailers designed for concentrated loads, available either as standard flats with stake pockets or with rack pockets and side panels. A trailer which picks up 20-ton loads, transports them at highway speeds by standard truck tractors, and unloads automatically at destination, was developed. Using hydraulically operated lifting shoes, the trailer merely straddles the load and picks up the freight. The trailer's operating mechanism functions through a power takeoff from the tractor which is hitched to the trailer during the loading operation. Thus, the driver controls all operations from the cab. A new method of handling 1-ton containers of liquid chlorine was introduced. This innovation, a multiunit container trailer, features a unit lift unloader. The unloader is powered to travel the length of the trailer and is equipped with a hydraulically operated lifting mechanism eliminating the need for any other hoisting apparatus.

The trailer bed is equipped with cradles so that each container can be bolted down. The use of liquid nitrogen refrigeration in trailers insulated with polyurethane foam and equipped with a liquid nitrogen container was being pioneered. Controlled by a solenoid valve, the liquid nitrogen can be sprayed automatically into the cargo area of the trailer when the temperature drops below a preselected level.

Development continued in undermount diesel refrigeration units for large trailers. Study has begun with a view toward recommending specifications for a functional cargo cage. A cargo cage is a wheeled pallet bearing a steel-mesh enclosure. A principal aim of the study is to develop a plan of cage interchange so that small shipments can travel from origin to destination without unpacking and repacking at each transfer point. Successful solution of this problem will bring about easier, faster, and more economical service.

The use of different types of wiring insulation materials to afford better protection against fire hazards and to avoid the dissolution of complete wiring systems as the result of failure in one circuit was the subject of attention. A novel plan whereby one tire is used in lieu of "two dual tires" was also featured. The single tire maintains firmer contact with the ground and permits faster cornering because the weight of the load does not shift from tire to tire with irregularities on the road. Advantages such as reduction in vehicle weight thereby permitting heavier payloads, increased revenue, reduced tire inventories, and less maintenance are realized from the use thereof. In addition, better braking and the elimination of the possibility of fire from continued driving when one of two tires is flat are said to result. Another development was a truck tire providing more tread wear than conventional casings. This tire is made up of multiple fabric plies arranged in a radial pattern and is reinforced by steel cord.

Development of multiple disk design brakes to perform both service braking and retarding functions on heavy vehicles continued. The disk brake overcomes "fade" caused by repeated or prolonged braking. Brake "fade" is a particular problem in mountainous terrain and heavy traffic. A hydraulic service brake system equipped with two wheel cylinders in each brake to actuate the shoes was announced. The two-cylinder system permits use of separate actuating systems so that in the event of failure of one system, the other retains braking on all the wheels with only 25 to 30 percent of the braking effectiveness lost. Another development in the motor carrier braking field is a diesel engine retarder said to accomplish 80 percent of the braking required on a vehicle. The retarder greatly reduces the necessity for use of the vehicle brakes and concomitantly reduces wear on the service brakes. Consequently air pressure and cooler drums are available when required for fast or emergency stops. Improved automotive bulbs and headlamps for trucks, buses, and other vehicles were introduced. These bulbs and headlamps are designed for longer, trouble-free life under abnormal conditions of shock and vibration.

Motor Carriers of Passengers

The total volume of travel on buses of the class I intercity carriers continued to increase between 1960 and 1961. Increases occurred in both regular-route intercity service, which saw a rise of about 2 percent in passenger-miles, and on charter and special service, for which the passenger count was up nearly 2 percent and in which both revenues and bus-miles rose over 5 percent. Numbers of passengers carried in regular-route intercity service declined approximately 1 percent despite the overall rise in passenger-miles. This difference in the two trends represented a continuation of the pattern which has characterized much of the period since World War II, and it resulted from such factors as further gains in express-bus travel over new and improved highways between large metropolitan centers, probable continuing losses in short-distance travel, and some changes in carrier reporting procedures.

Operating revenues of the class I intercity carriers in 1961 totaled about 41½ percent higher than during 1960. This rise resulted from the increases in travel volume already noted, from fare increases averaging about 2 percent per passenger-mile, and from a continuing expansion in nonpassenger services, particularly the transportation of package express which alone accounted for roughly \$37 million of the 1961 revenues of these carriers. Interestingly, revenues from package express transportation amounted to \$33 million in 1960 and less than \$8 million in 1950. Bus-miles operated by these carriers in 1961 totaled nearly 3 percent more than in 1960 while expenses were up about 4 percent. As a result, expense per bus-mile rose slightly

more than 1 percent between the 2 years; revenues per mile were up nearly 2 percent; and the average operating ratio showed a small, but encouraging, decrease (from 87.4 in 1960 to 87.0 in 1961).

The last decade has seen a striking change in the services provided by the intercity carriers as changes in their revenue patterns reveal. In 1951, for example, almost 92 percent of the revenues of the class I carriers was derived from fares paid by passengers using regular-route services. Charter and special operations accounted for less than 4 percent, while package express, mail, and other nonpassenger services provided less than 4½ percent of the total. Now 10 years later, the proportion of total revenues derived from regular-route passenger fares has declined to 81½ percent, while income from charter and special operations has doubled in importance, and has climbed to 8 percent. Receipts from nonpassenger services have risen to 10½ percent of the total. Clearly, the efforts of these carriers in promoting their supplemental services have been responsible in large measure for the preservation of essential regular-route passenger services in thousands of communities which otherwise would be without public land transport. Many of these communities simply could not be served were the carriers dependent solely on revenues from passenger fares.

Labor costs reported by the class I intercity carriers were up about 7 percent between 1960 and 1961. Nonlabor expenses increased about 2 percent. As a result, those expense categories which involve the greatest use of labor showed the largest increases. Station expense, transportation expense, and equipment maintenance and garage expense each rose between 6 and 7 percent, while other expense categories either showed relatively small increases (3½ percent or less) or actually declined. Wages and salaries accounted, in 1960, for about 50 percent of station expense and commissions paid to agents another 40 percent. Nearly 80 percent of transportation expense for that year was accounted for by labor cost, and roughly half of equipment maintenance and garage expense went into payrolls.

Trends between 1960 and 1961 for both travel volume on buses of the class I carriers and revenues received by such companies were, in general, more satisfactory during the fourth quarter than earlier in the year, and broad trends for the first quarter of 1962 were equally encouraging. Passenger-miles of travel on regular intercity routes of such carriers rose an estimated 3½ percent for both the fourth quarter of 1961 and the opening quarter of 1962. Overall operating revenues rose roughly 7 percent for each of these periods, expenses were up less than 4 percent, and the average operating ratio declined between 3 and 3½ percentage points.

Reports for class I local and suburban carriers show a passenger count for the year 1961 totaling 2½ percent less than in 1960. Operating revenues of such carriers rose 2.8 percent, expenses incurred

were up 4.0 percent, and their average operating ratio went from 96.2 in 1960 to 97.3 in 1961.

Intercity bus operations during 1961 and early 1962 continued to emphasize the further development of long-haul express service over new and improved roads and with the most modern of equipment. A bus trip from New York to Chicago now takes $16\frac{3}{4}$ hours, as compared with $28\frac{3}{4}$ hours in 1947. The schedule between Los Angeles and Portland, Oreg., requires $23\frac{1}{2}$ hours, or $6\frac{1}{2}$ hours less than in 1947. By the beginning of the 1962 vacation tourist season, the Greyhound Corp. had completely rebuilt and modernized all of its nearly 1,000 deck-and-a-half Scenicruisers. A total of 255 new buses were put into service by Greyhound in 1961, and 500 more were scheduled for introduction in 1962, all with air conditioning, panoramic windows, air-suspension ride, adjustable reclining seats, and virtually all with restroom facilities. Large baggage compartments are provided, facilitating further expansion of package-express transportation. Similar proportionate additions are being made to new equipment in the fleets of most other carriers. However, as through service is established on additional routes, many of the vehicles in the fleet are being utilized more intensively and the total number of buses required remains relatively stable, since most of the new vehicles are replacing older buses retired from service.

New bus terminals are being built in a number of cities and, in others, existing facilities are being modernized. Examples of increased emphasis on service designed to attract additional patronage includes a will-call ticket service at terminals whereby advance arrangements for the tickets may be made by telephone and passengers need only pick up the completed tickets at special windows prior to departure. At least one terminal has a drive-in window for package express.

In close cooperation with the U.S. Travel Service of the Department of Commerce, the carriers are vigorously promoting travel by foreign visitors. In connection with this campaign, the Greyhound and Trailways Systems exhibited buses throughout Western Europe. Economy tours are made available to visitors from other countries, and Greyhound, by arrangement with Trans World Airlines, offers "Bus-Out-Buzz-Back" transcontinental trips on which the traveler goes west by bus and flies back.

Safety, always a prime element in bus operations, continues to receive intensive consideration. The Greyhound Corp. expanded in 1961 its "headlights on" campaign as a constant reminder of the need for extreme caution behind the wheel and to lessen the possibility of misjudgment of distance by drivers of oncoming vehicles. Virginia Stage Lines, a Trailways affiliate, has installed seat belts on all passenger seats of a number of its buses in an experimental program

which it plans to extend to its entire fleet if the plan proves acceptable to travelers.

WATER CARRIERS

Continuing increased competition with other modes of transport as well as the narrowing of margin between costs and revenues contributed to the decision of another common carrier in the intercoastal trade to suspend dry cargo operations. In prospect, however, is the institution of containership service, with sailings approximately every 2 weeks in each direction, by a carrier now providing intercoastal service with conventional break-bulk cargo ships. Another carrier proposes to resume, with containerships, an intercoastal service it formerly provided with break-bulk-type ships and which it suspended about a decade ago. The resumption of operation, however, appears to depend upon availability of Government mortgage insurance. One carrier offering a limited service in containers in westbound intercoastal movements in connection with its foreign trade has added a modern 23,000-ton cargo ship to its fleet. This new vessel has automatic cargo-handling devices and a specially constructed hold to accommodate 126 20-foot containers. It is equipped with a gantry crane for loading and discharging containers.

The two common carriers which provide regularly scheduled coastwise service between ports on the Atlantic and Gulf of Mexico coasts are continuing to modernize their fleets. One of these carriers converted several T-2 tankers, each to carry 196 highway trailer boxes. It also "jumboized" two other tankers to carry 476 boxes each. Its conversion program, undertaken entirely with private financing, also included enlargement of its 6 containerships to carry 292 boxes each instead of 226. In addition to its Atlantic-Gulf service, it also serves Puerto Rico in a containership operation. The other carrier also is engaged in a fleet-modernization program, the first step of which was the "jumboizing" of two of its vessels by addition of 54-foot midsections at a cost of more than \$1.5 million. Studies also are underway to build two larger ships.

Carriers operating U.S.-flag ships on the Pacific coast suffered three work stoppages during the year. There has been continued coastwise transportation service available in the movement of lumber and bulk commodities. One carrier is progressing actively in the construction of new containerships for resuming operation in the carriage of general freight between ports in California, Oregon, and Washington. Some of the carriers which have been operating on the Pacific coast and inland waterways have diverted equipment to service in the Alaska and Hawaii trades.

In more localized service along the Atlantic coast, a carrier providing service between Connecticut and Long Island, N.Y., added a

third vessel to its fleet during the summer of 1961 and made 10 round trips daily.

On Chesapeake Bay a carrier instituted a trailership operation between Baltimore, Md., and Norfolk, Va., with two converted LST's. Each vessel can carry 40 trailers, averaging 35 feet in length, with 6,000 tons of cargo. Interline arrangements have been made with motor carriers for movements beyond the port areas.

One of the smaller regulated steamship operators on the Great Lakes, which had been inactive for a number of years, resumed operations to a limited extent during the year. It is understood, however, that the common carriers engaged in the transportation of bulk commodities are experiencing severe competition from foreign-flag vessels carrying ores from Canada and foreign sources at rates U.S.-flag vessels are unable to meet. One of the domestic carriers, operating as a common carrier of bulk commodities on the Great Lakes for more than 60 years, has undertaken liquidation. Another is operating only three of its fleet of seven ships.

St. Lawrence Seaway traffic reached an alltime high in the 1961 season with a total of 23,417,720 tons, compared with a previous high in 1959 of 20,593,142. Figures for the 1962 season indicate a continued upward trend.

Carriers on the Mississippi River System, including the Ohio River, have added to their equipment. One placed into service 2 new towboats, each rated at 6,400 horsepower and capable of pushing 30 loaded barges in a single tow. Another added a 4,200-horsepower towboat. It also placed orders for six dual-purpose barges, suitable for operation in either deep or shallow water. Each has a capacity of 1,350 tons. Another carrier has added to its fleet three new tank barges for carrying chemicals. An Ohio River carrier plans to put into service a 4,000-horsepower towboat capable of moving 30,000 tons of cargo in a single tow and, also, 45 new 1,450-ton hopper barges.

Repairs on the lock at Wheeler Dam on the Tennessee River, which collapsed in June 1961, were sufficiently completed in April of this year so that normal water carrier operations could be resumed and the portaging arrangements for handling various commodities over or around the dam were discontinued.

FREIGHT FORWARDERS

Freight forwarders generally have been able to effect economies in their operations and also improve the quality of their service through greater utilization of trailer-on-flatcar service. Railroad tariffs covering TOFC service usually provide for a flat charge for the movement of two trailers on a flatcar, with a requirement that there must be a diversification of commodities offered. A single commodity cannot comprise more than 60 percent of a shipment offered for trans-

portation. Thus, service is, in effect, limited to shippers of diversified commodities in more-than-one trailer-load quantities. Although consolidating of carload shipments in trailers is the kind of service offered by most freight forwarders, there is also a tendency for more and more shippers to look to shippers' associations and shippers' agents to make up two-trailer, diversified-commodity shipments. To the extent that the operations of shippers' associations or groups and shippers' agents are bona fide activities within the meaning of section 402(c) of the Interstate Commerce Act, such activities are not subject to our jurisdiction. Because of the numerous and diverse methods of operation involved, it has been our experience that there are a substantial number of pseudo-exempt and gray-area activities which have a deleterious effect on regulated carriers. We are taking such steps as are available under the law to bring the spurious operations to an end or into compliance with the requirements of part IV of the act.

In addition to improvements in efficiency of operations effected by freight forwarders through greater utilization of trailer-on-flatcar services, efficiency has also been enhanced through installation of modern electronic billing and recordkeeping office machinery, and use of closed-circuit television equipment for improving terminal freight-handling operations.

By the use of containerization, some of the forwarders are offering a highway-rail-water-highway service throughout a large part of the world with a minimum of handling of individual shipments and simplification of through billing.

PIPELINES

At the end of calendar year 1961, the 88 oil pipeline companies reporting to the Commission were operating 153,737 miles of line in 47 States and the District of Columbia, compared with the 151,968 miles of line operated in 1960, an increase of 1.2 percent. The largest single increase occurred in Montana, where 516 miles of new line were constructed. Texas registered the greatest decrease with a loss of 288 miles of line.

There were 62,251 miles of crude-oil trunklines in 34 States in 1961, an increase of 192 miles over the preceding year. Gains in excess of 100 miles were recorded in Kansas (380 miles) and Oklahoma (137 miles), while Michigan was the only State to record a decrease of this magnitude (120 miles). Refined oil trunkline mileage in 42 States and the District of Columbia grew by 1,322 miles over the previous year to a total of 41,830 miles. Nevada, Wisconsin, California, and Iowa each accounted for increases of over 100 miles, with 248, 176, 107, and 107 miles, respectively, while no comparable decreases were reported.

Of the 49,656 miles of gathering lines being operated in 21 States in 1961, all but 284 miles were used in gathering crude oil, the remainder

being used for accumulating refined products for shipment. There was an increase of 255 miles over 1960. Four States experienced net changes greater than 100 miles. Montana and Wyoming had increases of 455 and 153 miles. Pennsylvania and Texas had decreases of 377 and 269 miles.

During 1961, 1,475 miles of crude oil pipelines were completed at an estimated cost of \$40,416,000,⁶ including a 500-mile system in Montana and Wyoming. The completion of 3,753 miles of new refined-products pipelines, costing an estimated \$118,040,000, included the 1,100-mile Dixie Pipe Line from near Houston, Tex., to Raleigh, N.C., discussed in the annual report last year. The projected capacity of 50,000 barrels per day for this line was increased to 65,000 barrels per day.

Approximately 4,500 miles of new petroleum pipelines were planned or proposed as of May 1962.⁷ Plans for the 22-inch Colonial products line between Baton Rouge, La., and Baltimore, Md., mentioned in the previous annual report, were changed to include terminals at Houston, Tex., and Staten Island, N.Y., and a maximum diameter of 36 inches. There will be 1,600 miles of trunkline and 1,000 miles of laterals. Work is scheduled to begin in August 1962 and to be completed in 1963; construction costs are expected to reach \$350 million. Other important projects include a 400-mile extension of this line by other interests to Boston, Mass., and a 350-mile crude-oil line from the Williston Basin into northwestern Minnesota to connect with trunklines serving the Twin-Cities and Toronto areas.

A recent development of interest is the increasing importance of jet fuel as pipeline traffic. In 1961, its volume was more than 4 percent of that of gasoline. In Michigan, a newly opened 55-mile line from Escanaba to Sawyer Air Force Base handles this commodity exclusively.

The close of 1961 marked the completion of almost 5 years of transportation of coal by pipeline. An improved form of "slurry," a mixture of 60 percent finely ground coal and 40 percent water, is expected to extend uses beyond those presently existing for coal.

Texas Eastern Transmission Corp. and Consolidation Coal Co., builders of the first successful line in 1957, are planning a \$100 million pipeline to transport West Virginia coal to the east coast.

In his 1962 transportation message to the Congress, President Kennedy recommended that coal pipelines subject to part I of the Interstate Commerce Act be granted the right of eminent domain, if found by the Secretary of the Interior to be required by the public convenience and necessity. Bills to implement this proposal have been introduced in the Senate (S. 3044) and the House of Representatives

⁶ Data and estimates furnished by the Association of Oil Pipelines.

⁷ Source: *Pipe Line News*, May 1962.

(H.R. 10864). Committee hearings were held on the Senate bill in April and May.

LABOR-MANAGEMENT RELATIONS

There were nine fewer work stoppages affecting surface transportation companies⁸ in calendar year 1961 than in the preceding year. The number of workers involved decreased from 154,860 to 97,000.⁹ Estimated 673,000 man-days lost as the result of the 145 work stoppages represented a decline of one-third from the 1960 figure. A sharp reduction in the number of man-days lost by railroads more than offset increases affecting motor and water carriers. Only the oil pipeline industry was undisturbed by work interruptions throughout the entire year.

Water carriers accounted for slightly more than one-half of the total number of man-days lost to the transportation industry in 1961. The 351,000 idle man-days were more than double the 1960 total, although the number of work stoppages dropped from 59 to 31. One dispute produced most of the lost time. Ports on the east, west, and gulf coasts were tied up for 18 days during June and July as shipping unions attempted to obtain the right to organize workers on ships with "flags of convenience." The President issued an injunction on July 4, 1961, ordering union members to return to their jobs. Later, the unions accepted a substantial wage increase in lieu of their "prime" demand.

During 1961 railroads lost 169,000 man-days as the result of 9 work stoppages involving 24,300 workers. Each of these figures was substantially smaller than comparable figures for 1960. Idle man-days declined by 78 percent, while the number of workers involved in railroad work stoppages equaled only 24 percent of the previous year's total. A single dispute which occurred in January 1961 and embraced 23,000 railroad workers accounted for the majority of the lost man-days. Although the controversy concerned only 660 marine employees of 11 railroads, members of railroad brotherhoods respected the marine workers' picket lines.

Work stoppages experienced by motor freight and warehousing companies were more numerous, involved more workers, and generally were of longer duration in 1961 than in 1960. The number of work stoppages increased from 78 to 105, while the number of workers involved (14,900) and the number of idle man-days (153,000) represented increases of 43 and 98 percent, respectively.

⁸ Includes railroad transportation, motor freight transportation and warehousing, water transportation, and pipeline transportation. Excludes local and suburban transit, inter-urban passenger transportation, and transportation services.

⁹ According to data furnished by the Division of Wages and Industrial Relations, Bureau of Labor Statistics, U.S. Department of Labor.

The Presidential Railroad Commission, established by an Executive order in November of 1960 to study railroad work and compensation rules and practices, made its report in February 1962. The 15 members—5 each representing labor, management, and the general public—made recommendations covering crew consists, earlier retirements, hours of work, pay structure, road and yard work, interdivisional runs, seniority, and fringe benefits. In April negotiations based on the Presidential Commission's proposals were initiated between the five operating brotherhoods and the Nation's railroads.

A wage agreement was reached between the railroads and the non-operating employees in June 1962. The settlement provided for a pay increase of 10.28 cents an hour. Four cents of the increase were retroactive to February 1 and the full amount was retroactive to May 1. The settlement also stipulated that an advance notice of not less than 5 days must be given in cases of job elimination or reduction in force. The agreement is effective until May 1, 1963.

PROMOTION OF SAFETY

Increasing speeds and additional exposure to accidents stimulated emphasis on accident prevention in railroading and motor carrier operations. In both of these areas, latest annual compilations recorded reductions in total numbers of fatalities occurring in accidents reported by carriers to the Commission. The number of deaths resulting from accidents at rail-highway grade crossings declined by more than 5 percent over a 1-year period.

RAILROAD SAFETY PROGRAM

The Sections of Railroad Safety and Locomotive Inspection of the Bureau of Safety and Service administer the railroad safety program, which includes development of regulations, administration, inspections to determine effectiveness of regulations and degree of compliance therewith, enforcement, and investigation of complaints and railroad accidents. The Bureau of Transport Economics and Statistics administers railroad accident reporting and it has provided most of the accident statistics shown herein. More detailed reports on railroad safety and locomotive inspection are published as separate documents by the Bureau of Safety and Service.

Number of Persons Killed and Injured

Accidents involving train operation (train and train-service accidents) resulted in 2,067 persons killed and 17,712 injured during 1961, as compared with 2,198 killed and 13,724 injured in 1960.

Casualties from train and train-service accidents for the first 6 months of 1962, compared with the corresponding period in 1961, are shown in the following table:

Classification of persons	Number of persons killed January to June—	
	1961	1962
Trespassers.....	263	294
Employees on duty.....	52	63
Passengers on trains.....	13	4
Others (chiefly highway-rail crossing accidents).....	669	595
Total.....	997	956

Investigation of Accidents

The following table shows data for serious train accidents investigated during the last 5 years under the Accident Reports Act, approved May 6, 1910:

Year ended June 30 —	Number of accidents investigated			Persons	
	Collisions	Deraillments	Total	Killed	Injured
1958	37	19	56	50	776
1959	35	14	49	100	945
1960	29	14	43	68	726
1961	21	11	32	42	983
1962	21	8	29	57	641

In each case a report was published, setting forth the facts and our conclusions and recommendations.

Accident Reports

As required by the Accident Reports Act and related Commission rules, certain railroad accidents which result in injury to persons or damage to property are reported. Accident records of railroads were examined to determine compliance with the reporting rules, as follows:

	Year ended June 30 —	
	1961	1962
Regular inspections of accident records	454	361
Number of railroads examined	441	351
Number of complaints investigated	16	8
Number of infractions disclosed	9	42
Number of accident and casualty files examined	26, 690	21, 600

At the beginning of the year, four cases comprising five counts of violation of the Accident Reports Act were pending in the municipal court for the District of Columbia. Ten cases comprising 13 counts were transmitted to the U.S. Attorney for the District of Columbia for prosecution during the year, compared to 6 cases comprising 7 counts in the previous year. Six cases comprising eight counts were disposed of by confession of three counts and dismissal of five counts. Penalties of \$550 were assessed. On June 30, 1962, 8 cases comprising 10 counts were pending.

Accidents at Rail-Highway Grade Crossings

There were 3,204 accidents at rail-highway grade crossings in 1961, resulting in the death of 1,291 persons and the injury of 3,514. Automobiles, buses, and trucks were involved in 2,914 of these accidents, in

which 1,168 persons were killed and 3,288 were injured. There were 54 derailments of trains in rail-highway grade-crossing accidents which involved motor vehicles resulting in 25 fatalities and 182 injuries. Casualties to persons on trains in train and train-service accidents at rail-highway grade crossings totaled 10 killed and 287 injured. A table showing information concerning crossing accidents in 1959, 1960, and 1961 follows:

Accidents at highway grade crossings, year ended December 31

Accidents and casualties	1959			1960			1961		
	Number	Number of persons		Number	Number of persons		Number	Number of persons	
		Killed	Injured		Killed	Injured		Killed	Injured
Accidents at highway grade crossings.....	3,075	1,203	3,247	3,195	1,364	3,424	3,204	1,291	3,514
Accidents at highway grade crossings involving motor vehicles ¹	2,815	1,055	3,123	2,966	1,254	3,277	2,914	1,168	3,288
Deraillments of trains at highway grade crossings involving motor vehicles.....	61	30	108	70	48	161	54	25	182
Miscellaneous train accidents as a result of collisions between trains and motor vehicles.....	94	68	71	92	77	94	164	96	89
Railroad casualties:									
Passengers.....			46		14	129		1	154
Employees on duty.....		2	83		11	86		9	133
Total.....		2	129		25	215		10	287

¹ Passenger automobiles, buses, and trucks.

Safety Appliances

The following table shows results of safety appliance inspections, with corresponding data for the preceding year:

Item	Year ended June 30—	
	1961	1962
Freight cars inspected.....	1,524,056	1,416,097
Percent defective.....	5.1	5.9
Passenger-train cars inspected.....	35,396	35,963
Percent defective.....	4.9	6.2
Locomotive units inspected.....	111,516	110,007
Percent defective.....	1.0	0.8
Number of defects per 1,000 cars and locomotives inspected.....	54.49	62.24

In fiscal year 1962, 1,562,067 units were inspected, 6.52 percent less than in the preceding year.

During the year, 252 cases of violation of the Safety Appliance Acts, comprising 636 counts, were transmitted to U.S. attorneys for

prosecution, compared with 234 cases comprising 680 counts transmitted during the previous year. At the beginning of the year, 138 cases comprising 535 counts were pending in the district courts. During the year, 275 cases were disposed of by the district courts by confession of 747 counts, dismissal of 21 counts, and trial of 10 counts. Of the latter 10 counts, judgment was rendered for the Government on 7 counts and for the defendant on 3 counts. Of the seven counts for which judgment was rendered for the Government, two have been appealed by the defendants. Penalties of \$188,500 were assessed. On June 30, 1962, 115 cases comprising 393 counts were pending in the district courts.

Hours of Service

The following table shows statistics relating to hours of service of railroad operating employees:

	Year ended June 30--	
	1961	1962
Railroads reporting instances of excess service.....	126	112
Instances of excess service reported.....	3,201	2,548
Instances of excess service investigated.....	1,959	1,767
Examination of hours of service records.....	1,004	781
Completed investigations of complaints.....	51	62
Violations involved in regular inspections.....	51	63
Violations involved in special investigations.....	102	97

During the year, 43 cases comprising 131 counts of violation of the railroad hours of service law were transmitted to U.S. attorneys for prosecution. In the same period, 123 counts were disposed of by confession and 2 counts were tried, with judgment for the Government on 1 count and judgment for the defendant on the other count. Both counts are on appeal. Penalties of \$27,850 were assessed. A more detailed statement concerning hours of service cases as compared with the preceding year follows:

	Year ended June 30—	
	1961	1962
Cases pending at beginning of year.....	28	28
Cases transmitted to U.S. attorneys.....	39	43
Cases disposed of during the year.....	39	36
Cases pending at end of year.....	28	35
Counts pending at beginning of year.....	131	141
Counts transmitted to U.S. attorneys.....	167	131
Counts confessed or judgment for Government.....	143	124
Counts dismissed or judgment for defendant.....	14	20
Counts pending at end of year.....	141	128
Penalties imposed.....	\$30,900	\$27,850

Signal Devices and Communication Systems

According to reports submitted by the carriers, block-signal system, interlocking, and automatic train-stop, train-control, and cab-signal devices were in use on January 1, 1962, as follows:

Type of signal protection	Plants	Miles of—		Loco- motives
		Road	Track	
Block-signal systems:				
Automatic.....		81,375.1	107,562.6	
Nonautomatic.....		23,165.7	23,614.1	
Total.....		104,540.8	131,176.7	
Corresponding totals, Jan. 1, 1961.....		105,330.5	132,985.5	
Interlocking.....	3,939			
Automatic train-stop, train-control, and cab-signal devices:				
Train-stop.....		9,379.1	14,345.0	4,750
Train-control.....		1,016.0	1,944.9	1,128
Cab-signal.....		3,763.6	8,222.0	3,556
Total.....	3,939	14,158.7	24,511.9	9,434
Corresponding totals, Jan. 1, 1961.....	4,028	14,173.0	24,908.2	9,324

As of January 1, 1962, train communication systems were in use on 189 railroads, of which 74 had both line-of-road and yard and terminal installations in service, 59 line-of-road installations only, and 56 yard and terminal installations only. Line-of-road installations were in service for operation over a total of 136,764 miles of road, and there were 995 yard and terminal installations. There were 26,294 wayside stations and mobile units, such as locomotives, cabooses, passenger and other cars provided with train communication equipment, and 8,238 portable two-way radio sets in service.

The line-of-road installations comprised radio systems on 129,887 miles of road, inductive systems on 6,544 miles of road, and a combined inductive and wire intercommunication system operating over 86 miles of road. Radio-telephone systems provided by commercial radio service were in service in 247 miles of road.

The 995 yard and terminal installations consisted of 990 radio systems and 5 inductive systems.

Four railroads, using train communication systems, discontinued operations during the year. There was an increase of two in the number of railroads using both line-of-road and yard and terminal installations. There was a decrease of four in the number of railroads using train communication systems and a decrease of 2,721 in the miles of road over which such systems are operated. There was a decrease of 9 in the number of railroads using yard and terminal installations, but an increase of 38 installations. The decrease in the number of railroads using line-of-road service and yard and terminal installa-

tions was the result of merger of several railroads. However, these communication systems in line-of-road service and yard and terminal installations, of the merged railroads, were included in the reports submitted by the operating railroads. The decrease in the number of miles of road over which these systems were in use was due to abandonment of several branch lines. There was an increase of 1,986 in the number of wayside stations and mobile units equipped, and 281 in portable radio sets in service.

Detailed information concerning these installations is contained in the annual statistics bulletin, published separately.

In the year ended June 30, 1962, 232 applications were filed for modifications of block-signal systems and interlockings. At the beginning of the year, action was pending on 51 applications previously filed. During the year 237 applications were acted upon, and action was pending on 46 at the close of the year. Public hearings were held on 33 applications.

During the year three petitions were filed for relief from the requirements of section 136.587 of the rules, standards, and instructions, and four petitions were filed seeking relief from the Commission's order No. 13413. Of this total, five were acted on during the year and at the close of the year two petitions were pending.

Seventeen applications were filed in the year for modifications or relief from the requirements of the rules, standards, and instructions prescribed by order of June 29, 1950, under the signal inspection law. At the beginning of the year action was pending on two applications. Of this total, 13 were acted upon, and action was pending on 6 at the close of the year. Public hearings were held on six applications for relief from the requirements of the rules. There was a decrease of 38 in the number of applications filed for relief from the requirements of the rules, standards, and instructions. This was brought about largely by revision of section 136.410 of the rules, standards, and instructions by the Commission's order of April 3, 1961, in Ex Parte No. 171.

Monthly signal failure reports filed by the carriers for the year ended June 30, 1962, are summarized below :

False restrictive failures.....	27, 047
False proceed failures.....	65
Potential false proceed conditions.....	3

Of the false proceed failures and potential false proceed conditions reported, 34 were investigated.

In the year ended June 30, 1962, 29 complaints were received in connection with alleged violations of the rules, standards, and instructions. At the beginning of the year, action was pending on five complaints previously filed. During the year, investigations were completed on 28, and action was pending on 6 at the end of the year.

During the year ended June 30, 1962, inspections were made as follows:

System	Number of systems inspected	Including inspections of—				
		Signals	Switches	Other appliances	Devices on locomotives	Records of tests
Automatic block-signal	846	9, 069	7, 239	1, 071	-----	40, 183
Interlockings	1, 931	14, 891	10, 067	10, 566	-----	31, 735
Traffic-control	912	8, 183	5, 160	5, 072	-----	25, 156
Automatic train-control	34	-----	-----	144	84	90
Automatic train-stop	472	-----	-----	2, 101	1, 882	6, 439
Automatic cab-signal	312	-----	-----	777	1, 452	4, 166
Total	4, 507	32, 143	22, 466	19, 731	3, 418	107, 769

The 4,507 systems inspected represented a decrease of 53 systems inspected compared with the previous year. These inspections called railroad management's attention to a large number of unsatisfactory maintenance conditions requiring corrective action.

Four cases comprising six counts of violation of the signal inspection law were transmitted to U.S. attorneys for prosecution. At the beginning of the year, 5 cases comprising 14 counts were pending. During the year, 6 cases were disposed of by confession of 16 counts and trial of 1 count with judgment for defendant. Penalties of \$1,600 were assessed. On June 30, 1962, three cases comprising three counts were pending in the district courts.

Explosives and Other Dangerous Articles

Problems encountered in the formulation and administration of regulations governing transportation of explosives and other dangerous articles increased materially in both variety and detail during the year, with extensive strides being made in research and development of such commodities by commercial and Federal organizations; continuing efforts to provide guidelines for safely transporting these materials will be required during the coming years.

Large shippers, including the Military Establishment and other Federal agencies, have been actively engaged in the introduction of new types of containers and materials. As a result, transport problems have arisen, but have been resolved with reasonable promptness through development of special arrangements to meet necessary demands and to avoid interference with programs vital to national security and the economy.

The missile and rocket programs alone have reached huge proportions, and because of vast differences in fuels and missile sizes, individual consideration of single shipments frequently is required. Liquid fuels with temperatures as low as 420 degrees below zero Fahrenheit and others of poisonous, corrosive, or flammable proper-

ties have created needs for special tank trucks, tankcars, and low temperature control during transit. There was a continuing increase in movement of cryogenic materials and liquefied gases and chemicals at subzero temperatures nearing the cryogenic level of minus 200 degrees Fahrenheit. Requests are being received from some shippers and carriers interested in transporting ethylene, anhydrous ammonia, and propane under refrigerated conditions in tank trucks. Permits have been issued for a few of these movements which promise to increase in ensuing months. Movement of these commodities requires specially designed tanks which are insulated to keep the materials at subzero temperature during transport.

More reactors soon will be in operation to meet the needs resulting from rapidly developing uses for radioactive materials in a variety of fields. Problems incident to safe transportation of irradiated fuels and waste materials are increasing. With this in view, we have taken an active part with an Interagency Committee in considering complete revision of regulations for transport of radioactive matter. Meetings were held in different parts of the country under joint sponsorship with the Atomic Energy Commission and Council of State Governors for the purpose of acquainting State and local officials with our activities, responsibilities, and limitations, and to obtain their views. Proposed new standards are nearing completion and will be submitted to this Commission for possible adoption. We hope to establish requirements which will insure safe movement and still be acceptable to shippers; carriers; States; bridge, tunnel, and turnpike authorities; and international groups, all of whom have registered keen interest in this endeavor.

For the first time in more than 20 years, oral hearing was necessary in order to decide whether it was safe to allow transportation of anhydrous ammonia in tank motor vehicles designed for less than 265-pounds-per-square-inch pressure. Usually, it has been possible to reach an agreement without resort to a hearing, but in this instance a hearing was essential to learn additional facts and to resolve division of opinion over the advisability of lowering present requirements.

Many containers of polyethylene replacing glass or steel previously used were permitted for use in packaging a variety of liquid materials.

Study was made of 407 proposals to add to or amend the regulations with the following results:

	Proposed	Adopted
Changes in requirements.....	312	308
Additions to regulations.....	83	81
Deleted from regulations.....	11	11
New container specifications.....	1	1

Observations by the field staff to determine degree of compliance with regulations reflect the following:

Number of field reports made	1, 950
Number of locations inspected.....	1, 952
Violations noted	3, 808
Cases pending in court at beginning of period.....	15
Cases submitted for prosecution during period.....	36
Cases disposed of during period.....	33
Cases pending in court—end of period.....	18
Fines imposed by courts.....	\$8, 650

ACTIVITIES RELATED TO CONDITION OF LOCOMOTIVES¹⁰

Inspection of Locomotives

The following table shows the scope of inspection activities for a period of 6 years:

Reports and inspections—steam locomotives, locomotive units other than steam, and multiple-operated electric locomotive units

	Year ended June 30—					
	1957	1958	1959	1960	1961	1962
Number of locomotives for which reports were filed.....	37, 353	36, 905	36, 069	35, 645	35, 074	34, 789
Number inspected.....	100, 607	95, 593	105, 347	108, 629	98, 332	94, 592
Number found defective.....	9, 887	8, 394	10, 912	11, 126	9, 399	9, 050
Percent of inspected found defective.....	9. 8	8. 8	10. 4	10. 2	9. 6	9. 6
Number ordered out of service.....	518	395	648	531	504	488
Number of defects found.....	26, 385	21, 532	32, 330	32, 830	28, 308	26, 032

In compliance with the Rules and Instructions for Inspection and Testing of Locomotives, 5 specifications and 2 alteration reports were submitted by carriers for steam locomotives; 634 specifications and 1,242 alteration reports were received for locomotives other than steam; 68 specifications and 159 alteration reports for heating boilers mounted in locomotive units; and 36 specifications and 2 alteration reports for multiple-operated electric locomotive units were submitted by carriers. The information contained in these specification cards and alteration reports was analyzed, and corrective measures were taken when improper design or other discrepancies were found.

Inspection and repair reports for steam locomotives filed with district inspectors during the year totaled 3,669; for locomotives other than steam, 384,377; and for multiple-operated electric locomotive units, 31,455.

On June 30, 1962, there were 110 fewer steam locomotives for which carriers filed reports than there were on June 30, 1961, and the number of locomotive units other than steam- and multiple-operated electric

¹⁰ Locomotive Inspection activities are shown in detail in the report of the Director of Locomotive Inspection, published separately.

locomotive units for which reports were filed during this period decreased by 173.

Twenty-eight applications for extension of time for removal of flues from the boilers of steam locomotives were submitted. After investigation, extensions were granted for the full period requested in 21 applications. Investigation disclosed that in one case the condition of the locomotive was such that an extension could not be granted, and in another case the full time requested could not be granted. Four applications were canceled and one was pending. An extension was granted for the full period requested in the application pending on July 1, 1961.

Fourteen cases involving 22 counts of violation of the Locomotive Inspection Act and rules thereunder were transmitted during the year to U.S. attorneys for prosecution. Judgment was confessed in 5 cases on 11 counts, and \$2,750 in penalties was assessed. Nine cases, involving 11 counts, were pending in the district courts at the end of the year. At the beginning of the year, seven cases involving nine counts were pending in district courts. Judgment was confessed on all counts and penalties of \$2,250 were assessed.

No formal appeals from decisions of district inspectors were filed by the carriers.

Accidents and Their Investigation

The following table shows accidents and casualties reported under the requirements of the Locomotive Inspection Act for a period of 6 years:

Accidents and casualties caused by failure of some part or appurtenance of steam locomotives, locomotive units other than steam, and multiple-operated electric locomotive units

	Year ended June 30—					
	1957	1958	1959	1960	1961	1962
Number of accidents.....	75	72	66	50	71	67
Percent increase or decrease from previous year.....	¹ 2.7	4.0	8.3	24.2	¹ 42.0	5.6
Number of persons killed.....	0	0	0	0	0	0
Percent increase or decrease from previous year.....	100	0	0	0	0	0
Number of persons injured.....	90	86	90	81	77	73
Percent increase or decrease from previous year.....	¹ 13.9	4.4	¹ 4.7	10.0	4.9	5.2

¹ Increase.

There was a decrease of four in the number of persons injured and a decrease of four in the number of accidents during the year ended June 30, 1962, compared with the preceding year. No fatalities resulted from failure of parts or appurtenances of locomotives during the year.

Of the 67 accidents, 8 were caused by the defective condition of floors, steps, and passageways of diesel-electric locomotives. Four of the 8 resulted from accumulation of oil on walking surfaces of the locomotives, a decrease of 10 compared with the preceding year.

Fifteen accidents were caused by defective condition of cab seats, compared with seven in the previous year.

Accidents reported under requirements of the law and Commission rules were investigated. Reports on accidents of major importance or of particular interest are published with copies distributed to interested parties in order that action can be taken to avoid similar accidents in the future.

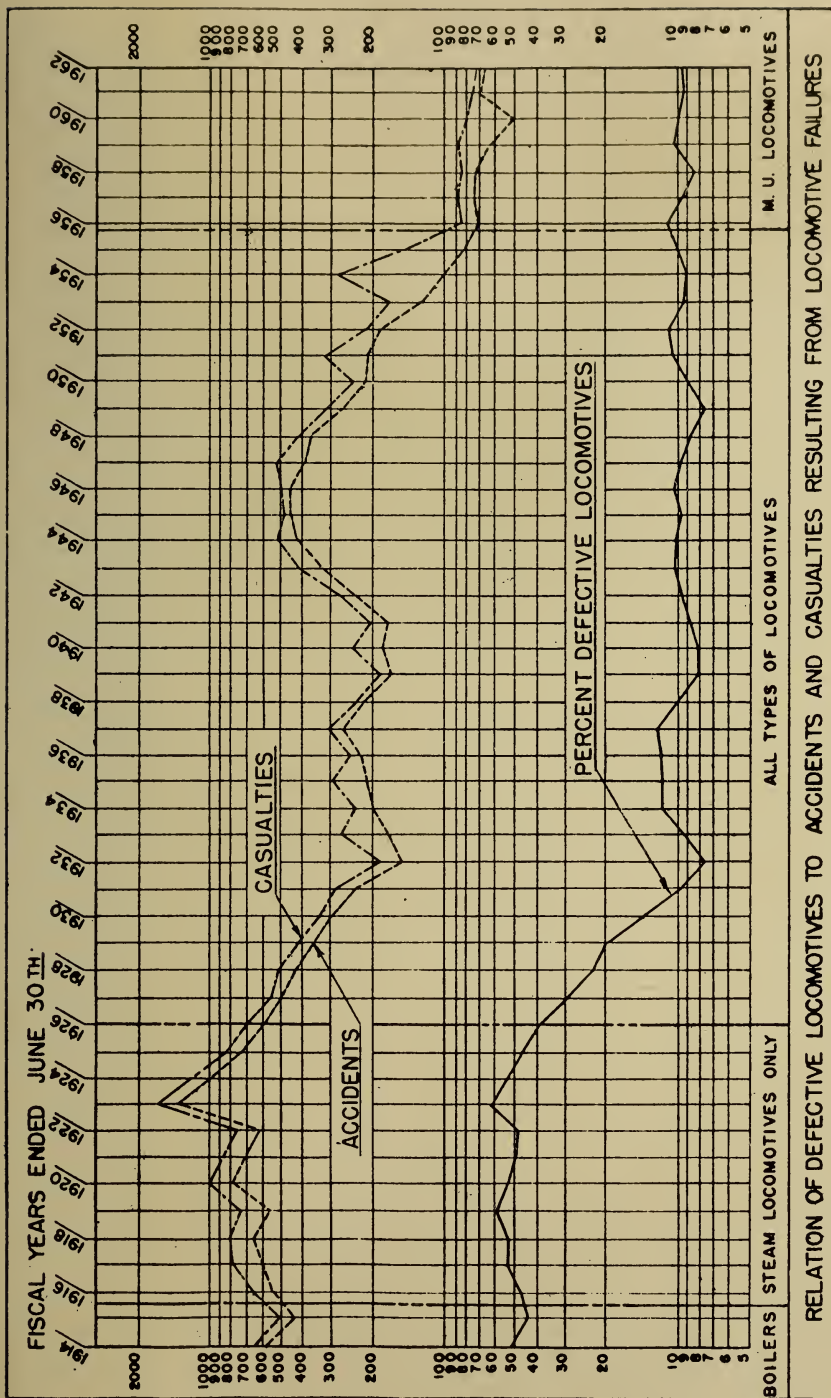
The accompanying chart shows the percentage of locomotives found defective and the numbers of accidents and casualties.

MOTOR CARRIER SAFETY PROGRAM

With some 90 million motor vehicle drivers' licenses in force for operation of over 76 million vehicles plying the highways, the Commission's safety regulation of motor carriers operating in interstate commerce is one of the most significant of our diverse responsibilities. Our constant endeavor is to insure that commercial motor carriers adhere to our safety rules with a view toward encouraging all users of the highways to help reduce the annual \$7 billion loss from vehicle accidents, the traffic death toll of 38,000, and the 1,400,000 injuries. In carrying out major safety programs, we recognize the importance of the Commission's role as a leader in establishing standards in the highway safety field. Because of the large number of motor vehicles subject to our jurisdiction, the Commission relies heavily on educational activities, inspection work, and other measures designed to prevent accidents and minimize personal injury and property damage.

In 1961 total motor vehicle registrations numbered 76 million, compared with 73.9 million in 1960 and 70.4 million in 1959. The national motor vehicle fatality rate in 1961 was 5.2 deaths per 100 million vehicle-miles. The estimated number of motor carriers and the number of vehicles operated subject to our jurisdiction follow:

Type of carrier	Number of interstate carriers (approximate)	Number of vehicles (approximate)
Authorized for hire.....	18, 587	923, 725
Private.....	82, 152	771, 864
Exempt for hire (203(b)).....	33, 609	200, 040
Public Law 522.....	386	4, 312
Migrant workers.....	6, 620	8, 138
Total.....	141, 354	1, 908, 079



Continued growth in number of vehicles on our highways inevitably results in increased exposure to accident situations and adds to the need for intensive and vigorous action to deal with accident causes. Set forth below are the significant aspects of our safety program during the year.

The principal modification of the Motor Carrier Safety Regulations related to hours of service for drivers of commercial vehicles. Major changes include a prohibition on driving after 15 hours on duty in any day, in addition to the previous 10-hour maximum driving-time limitation, new definitions of driving and on-duty time, and a modification of the driver's daily log. The new requirements are the first major amendments to the Hours of Service Regulations since 1939 and are designed to provide reasonable and adequate driver on-duty and driving time limitations consistent with the changing highway conditions. The regulations contain a new provision which authorizes Commission personnel to declare out of service any driver who is found at the time and place of examination to have been on duty, or to have driven or operated immediately prior to such examination, longer than the maximum period permitted by the regulations.

Modifications in the regulations relating to lighting devices for commercial vehicles became effective July 1, 1961. These changes brought commercial vehicle lighting requirements to a standard consistent with present-day highway conditions, and are especially significant in view of the growth of the Interstate Highway System.

The road inspection program continued to emphasize detailed and thorough inspection reports rather than number of inspections. A principal purpose of these inspections is to impress upon motor carriers the importance of careful inspection of vulnerable vehicle parts and the necessity for systematic inspection and maintenance of the vehicles. The road checks provide valuable information regarding the mechanical condition of vehicles and the extent of compliance with regulations related to driver qualifications and hours of service. They also stimulate motor carriers to conduct more effective inspection and maintenance programs, and to maintain closer management control over operators.

Our road-check activities during the year were conducted in all sections of the country and at locations not previously associated with the Commission's road checks. These included truck parking areas on the Ohio Turnpike and Indiana Toll Road.

As a result of these activities, thorough inspections were made of 45,714 property-carrying vehicles, or combination vehicles, a decrease from 51,123 in fiscal 1961. This decrease resulted in part from the necessity to assign field staff personnel to investigations of unlawful transportation. Of the 45,714 vehicles inspected in 1962, 7,508, or 16.4 percent, were removed from service. This is a slight increase

over the 14.9 percent found unserviceable in the previous year. This increase is due, in some measure, to a greater degree of selectivity in choosing vehicles for complete inspection, a result of a smaller staff available for this purpose. In major road checks conducted in September and October 1961, the percentage of vehicle units removed from service was 10.5 for authorized carriers, 11.05 for private carriers, and 14.43 for for-hire carriers of so-called exempt commodities.

Special attention again was directed to safety compliance by motor carriers subject only to our safety jurisdiction. These are private carriers of property, carriers transporting so-called exempt commodities, carriers operating between points in a foreign country through the United States, and carriers of migrant agricultural workers. Information concerning safety compliance of such carriers, obtained in the road-check program, has shown a clear need for greater attention to carriers of these types. Of particular note were vehicles operated by so-called carnival operators. These vehicles often were found to be operated in total disregard of the Commission's safety regulations. Statistical information regarding road checks of vehicles transporting migrant workers was directed to the President's Committee on Migrant Labor to be sent to all State committees concerned with migrant labor.

Emphasis upon safety compliance was continued in considering applications for temporary authorities, and as a basis for determining carriers' fitness in permanent authority application proceedings. Except in cases involving short-term applications, each request for temporary authority involves a review of the applicant's safety record. During the year, 1,697 records were reviewed for this purpose. Applications denied totaled 134, while 47 others were granted for a limited period of time, expressly to permit reinspection and evaluation of the safety records. There were 35 petitions for reconsideration, of which 21 were denied. The records of 415 other carriers applying for permanent authority were examined prior to issuance of certificates or permits and, as a result, a number of cases were reopened for hearing on the issue of fitness. In cases involving short-term application or emergency temporary authority, the carrier's safety record is now being taken into consideration.

Consistent with Commission policy of limiting applications covering the transportation of explosives to a period of 5 years to enable a periodical review of the safety record of carriers engaged in such transportation, the compliance records of 23 carriers were reviewed upon petition for extension of operating rights. In addition, at the request of the Department of Defense, we furnished safety reports on 52 carriers who sought to transport explosives for the military services. The Department of Defense utilizes these reports in considering whether to add or remove carriers from its eligibility list.

Efforts to identify motor carriers subject to the safety provisions, although not subject to our general regulatory jurisdiction, were intensified. On June 30, 1962, the number of private carriers served with the regulations, after adjustment for carriers determined no longer to be active, was 58,665. The regulations also have been served on 23,403 for-hire carriers transporting so-called exempt commodities, and 517 carriers operating between points in foreign countries through the United States.

The Commission, in carrying out its responsibilities in the field of motor carrier safety, worked closely with such agencies as the Bureau of Public Roads, Food and Drug Administration, the Department of Health, Education, and Welfare, Atomic Energy Commission, and the Defense Traffic Management Service.

The Atomic Energy Commission and this Commission arranged through the Council of State Governments for four regional meetings with State and local officials to explain present regulations and to discuss possible future revisions of the rules relating to transportation of radioactive materials.

Hearings were completed in docket No. 33440, a general investigation proceeding into the causes and possible methods of prevention of collisions of railroad trains and commercial motor vehicles at rail-highway grade crossings.

Accident Record

Total motor vehicle use of the highways in 1961 reached 735 billion vehicle-miles, an increase of 2.1 percent over the previous year. Interstate common and contract carriers of property with annual operating revenues of \$200,000 or more operated approximately 2.2 percent less intercity miles in 1961 than 1960. Passenger carrier miles were estimated to be 2.9 percent higher in 1961.

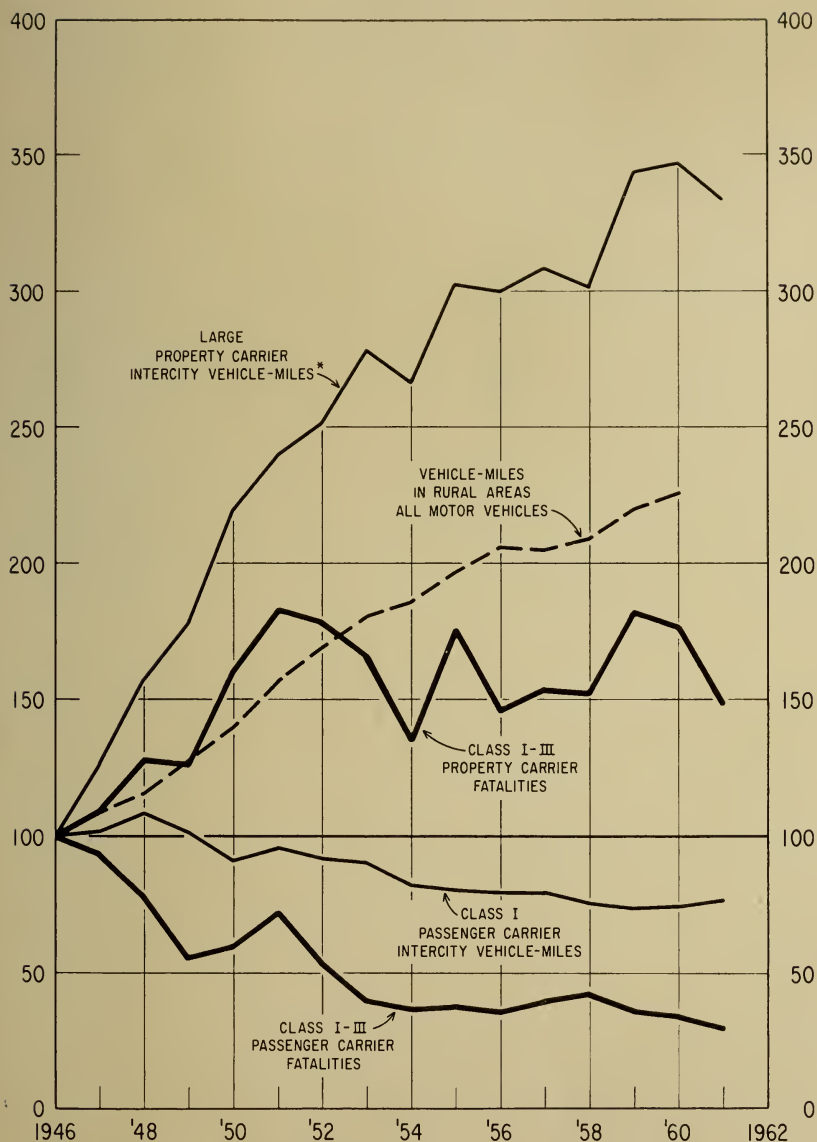
Fatalities in accidents reported to the Commission decreased 15 percent to 1,494 in 1961 from 1,767 in 1960. Accidents involving property-carrying vehicles in 1961 resulted in 1,376 fatalities, a decrease of 16 percent from 1,633. Passenger carriers reported 122 fatalities in 1961, 13.5 percent less than the 141 in the previous year. The number of fatalities in bus accidents was the lowest of any year since our records began. Of the 122 deaths in reported bus accidents, 15 were bus passengers and 6 were bus drivers.

The number of persons injured in 1961 accidents was 6 percent less than in 1960.

The following charts depict: (1) The trends in fatalities reported by motor carriers, and in intercity vehicle-miles since 1946; (2) the total fatalities in the 5-year period 1957 through 1961, compared with total fatalities in the 5-year period 1952 through 1956, together with comparisons of the vehicle-miles operated in those same periods.

INDEXES OF MOTOR CARRIER TRAFFIC FATALITIES AND VEHICLE-MILES

1946 = 100

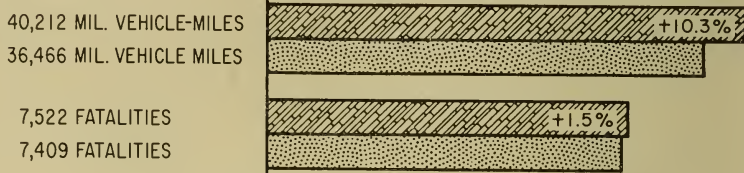


* Carriers having annual operating revenues of \$200,000 and more.

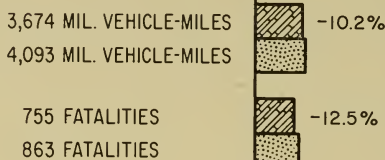
Source: I.C.C., Bureau of Transport Economics and Statistics, *Statistics of Class I Motor Carriers* and Statements Q-750 and Q-800, accident reports of motor carriers, and U.S. Bureau of Public Roads, Table VM-1.

FATALITIES - MILEAGE COMPARISONS - 1952 - 1961

CARRIERS OF PROPERTY



CARRIERS OF PASSENGERS



LEGEND
FIVE YEAR PERIODS
1957 - 1961
1952 - 1956

The following table gives pertinent data as to total vehicle registrations, vehicle miles, accidents reported, and the consequent fatalities, nonfatal injuries, and property damage for 1959 through 1961.

Item	Calendar year		
	1961	1960	1959
Vehicle registrations:			
All motor vehicles ¹	75,846,532	73,895,274	71,502,394
Trucks	12,291,365	11,941,071	11,670,559
Buses	279,668	272,167	265,114
Vehicle-miles compared with preceding year:			
All motor vehicles—rural roads		+8.3	+5.3
Trucks—intercity miles—class I and class II carriers ²			
percent	-2.2	+1.0	+14.0
Buses—intercity miles—class I carriers	+2.9	+0.9	-1.4
do			
Accidents reported: ³			
Total ⁴	25,873	28,750	41,516
Property-carrying vehicles ⁵	22,513	25,319	36,967
Passenger-carrying vehicles	3,400	3,463	4,592
Fatalities: ³			
Total ⁴	1,494	1,767	1,830
Property-carrying vehicles ⁵	1,376	1,633	1,686
Passenger-carrying vehicles	122	141	150
Nonfatal injuries: ³			
Total ⁴	20,054	21,265	22,147
Property-carrying vehicles ⁵	14,662	15,956	16,479
Passenger-carrying vehicles	5,565	5,558	5,848
Property damage: ³			
Total ⁴	\$48,131,560	\$51,080,150	\$50,991,940
Property-carrying vehicles ⁵	\$45,883,110	\$49,101,130	\$48,510,950
Passenger-carrying vehicles	\$2,455,940	\$2,203,160	\$2,711,940

¹ Totals include all publicly owned motor vehicles.

² Prior to Jan. 1, 1957, property carriers with annual revenues of more than \$200,000 were classed as class I. Since that date carriers with revenues from \$200,000 to \$1 million are classed as class II.

³ Prior to 1958 carriers did not report accidents in intrastate operations, although they reported total miles. Beginning with 1958 such accidents were required to be reported.

⁴ Each year a number of accidents involve both a truck and a bus. Such accidents are included under both the property-carrying and the passenger-carrying categories. Hence a sum of the figures under these 2 categories for any item will exceed the "total" figure given.

⁵ The truck accidents shown herein were reported only by common and contract carriers, or less than 25 percent of the carriers under our jurisdiction as to safety.

The following table shows changes in deaths and injuries in motor carrier accidents reported by all motor carriers for 1944 through 1961. The increased vehicle-mileage data in the chart preceding should be considered when comparing these data.

Calendar year	Fatalities		Injuries	
	Number	Increase or decrease	Number	Increase or decrease
1961.....	1,494	-15	20,054	-6
1960 ¹	1,767	-3	21,265	-4
1959 ¹	1,830	+16	22,147	+7
1958 ^{1,2}	1,571	-----	20,614	+10
1957 ¹	1,573	+5	18,765	+1
1956 ¹	1,498	-16	18,518	-5
1955 ¹	1,774	+27	19,415	+17
1954 ¹	1,394	-17	16,622	-14
1953 ¹	1,685	-10	19,388	-2
1952 ¹	1,877	-5	19,797	-10
1951.....	1,986	+14	22,070	+17
1950.....	1,735	+18	18,906	+6
1949.....	1,471	-2	17,787	-5
1948.....	1,501	+9	18,677	+8
1947.....	1,382	+3	17,367	+5
1946.....	1,338	+16	16,565	+15
1945.....	1,150	+2	14,346	+11
1944.....	1,133	+7	12,921	+24

¹ Data for 1952-61 relate to accidents which occurred in those years. For previous years, data are for accidents reported during the year indicated.

² Prior to 1958, carriers did not report accidents in intrastate operations, although they reported total miles. Beginning with 1958 such accidents were required to be reported.

Coverage and Handling of Accident Reports

Accident reports are required from common and contract motor carriers, but private carriers operating in interstate or foreign commerce, although subject to the safety regulations, have not been made subject to the accident-reporting requirements. Carriers conducting "exempt" operations are not subject to economic regulation and are not required to obtain authority from the Commission to operate in interstate or foreign commerce. Such carriers are subject to the accident-reporting requirements and a small number of them do file accident reports. Although an estimated 33,609 carriers of exempt commodities operated approximately 200,040 vehicles, only 733 reports of accidents were received from them in 1961, compared with 864 accidents in 1960 and 884 in 1959. These reports were filed by 351 carriers.

Serious accidents involving 326 motor carriers in 1961 were the subject of intensive staff investigation. Of the total, 234 were authorized carriers, 39 were private carriers of property, 26 were carriers of exempt commodities, and 27 could not be classified in any of the 3 groups.

In an effort to emphasize the requirements of the Commission's regulations and to analyze causes of accidents for the greatest number of firms and persons who may benefit therefrom, we made investigation of selected major accidents. From these studies we made recommendations as to possible preventive measures.

During the past year the Commission published reports of 15 accidents in which motor carrier vehicles were involved. These reports related to accidents resulting from a variety of factors. They included collisions of trains with a bus in one case and with commercial vehicles in four cases. Six reports were concerned with accidents in which failure of the vehicles or their components were important either in causing the accident or in contributing to the severity of the consequences. Four reports dealt with accidents in which the commercial vehicle driver either was fatigued by reason of excessive hours of service, was guilty of reckless driving, or was not sufficiently experienced, or in which a combination of these factors existed. Carbon monoxide poisoning of drivers sleeping in the vehicle was the subject of one report.

The 15 accidents covered by these published reports occurred in 10 States. They resulted in 14 deaths, nonfatal injuries to 212 persons, and property damage of approximately \$1,200,000.

Our reports deal primarily with unsafe practices, failure of carriers to provide proper supervision or to follow approved maintenance procedures, and other factors which directly or indirectly contribute to the cause of accidents. The purpose of publishing reports is to stress the numerous and various causative factors in order that all motor carriers and their personnel can take timely action to avoid similar practices or failures. These reports provide the Commission with an excellent means of keeping the industry and related groups informed, and the lessons learned from investigating accidents which are reported have frequently resulted in substantial modification of regulations. They have caused us to make constructive suggestions to the Bureau of Public Roads and, through it, to State highway authorities. Information contained in these reports also has influenced the activities of manufacturers of vehicles and components.

Explosives and Other Dangerous Articles—Motor

A number of accidents occurred in the transportation of explosives and other dangerous articles by motor carrier, the most serious of which occurred April 3, 1962, at Norwich, Conn. This accident involved a tractor-semitrailer combination loaded with 45,000 pounds of organic peroxide compounds which ignited while being unloaded at a warehouse. The subsequent explosion killed four firemen, injured five persons, and caused extensive property damage. Exhaustive investigation failed to disclose the cause of the fire.

There have been several other accidents which involved fire and/or explosion. On February 25, 1962, at Midland, Tex., a tractor-semitrailer operating in intrastate commerce loaded with nitroglycerin was being serviced. A drum of kerosene ignited causing intense fire

which exploded the nitroglycerin compound. Two persons were killed, four injured, and property damage of \$45,000 resulted. On February 2, 1962, at Washington, Ark., a tire fire on a tractor-semitrailer combination transporting smokeless powder ignited the cargo. There were no fatalities or injuries, but there was property damage of \$60,000.

A number of accidents occurred in the transportation of explosives and other dangerous materials as the result of collisions of motor vehicles with railroad trains at grade crossings. On July 7, 1961, a tractor trailer loaded with class B explosives collided with a railroad train at Miami, Okla. Two persons were injured, and property damage was \$6,000. On October 12, 1961, a tank motor vehicle loaded with benzene collided with a railroad train at a grade crossing in Tulsa, Okla. The truckdriver was killed, and property damage was in excess of \$33,000. On August 24, 1961, an interstate vehicle transporting gasoline, operated intrastate by a private carrier of property, collided with a passenger train at Taylor, Mich. There were 3 fatalities, 11 injuries, and property damage estimated at \$375,000. On March 22, 1962, a tractor-trailer combination transporting nitromethane collided with a railroad train at Monticello, Ark., and resulted in one fatality, two injuries, and property damage of \$29,000. A motor vehicle loaded with 8,000 gallons of liquefied petroleum gas, operated interstate by a private carrier of property, was struck by a railroad train near La Porte, Ind., on April 18, 1962. The consequent fire resulted in the death of three members of the locomotive crew.

In 1961 the consumption of industrial explosives in the United States slightly exceeded the 1960 total of 1,169,792,941 pounds. This figure includes ammonium nitrate blasting agents which, under our regulations, are classified as oxidizing materials rather than as explosives. Based on estimates of the Institute of Makers of Explosives, it appears that more than 630 million pounds of explosives and blasting agents were transported from manufacturers' plants by motor vehicle.

Intensive coordination was required between our staff and the Atomic Energy Commission and other Federal agencies concerned with regulations relating to the transportation of radioactive materials. Because of the anticipated growth in the transportation of irradiated fuel elements and other large radioactive sources, a series of conferences with State and local officials was arranged jointly by this Commission and the Atomic Energy Commission, with the cooperation of the Council of State Governments. These conferences were held in Atlanta, New York City, San Francisco, and Chicago during the first 4 months of 1962. The States and other jurisdictions were represented by officials of regulatory commissions, highway patrols,

fire marshals, and health departments. Representatives of toll road facilities also attended these meetings as did appropriate city officials in some cases.

Public hearings at Washington and San Francisco in our general investigation into the causes of railroad grade-crossing collisions, docket No. 33440, were begun in November 1961, and concluded in June 1962. Factual material, with respect to accident experience and the laws and regulations of the States, was developed under the direction of the Bureau of Inquiry and Compliance by the staff of the Bureau of Motor Carriers which introduced a number of recommendations for possible reduction of such accidents. The hearings were held in cooperation with representatives designated by the National Association of Railroad and Utilities Commissioners.

The Bureau of Safety and Service and the Bureau of Motor Carriers devoted extensive time to conferences with representatives of the the Defense Traffic Management Service and other agencies of the Defense Department with respect to problems related to the expected increase in transportation of hazardous fuels for that agency and the National Aeronautics and Space Administration. Much time also was devoted to study of the safety problems related to the transportation of cryogenic materials which are transported at exceedingly low temperatures. Proposals to transport various flammable gases at low temperatures in order to reduce the vapor pressure of such gases during transportation were given consideration. Transportation of flammable gases under such low temperature conditions, which will result in transportation at a lower pressure, was authorized for experimental purposes.

Insurance

Because of the financial position of the fire and casualty insurance industry, a detailed review was made of the qualifications of all companies having or seeking authority to file insurance or other security for the protection of the public. Several insurers were requested to make no further filings because of their weak financial condition. Many insurers incurred substantial underwriting losses for the year ended December 31, 1961, but investment gains more than offset such losses. However, the stock market decline in the spring of 1962 necessitated our making more frequent reviews of many insurance companies having substantial stock investments. Currently, there are more insurance companies actively soliciting and competing for motor carrier insurance than at any previous time.

There was no change in our program of strict enforcement of section 221 of the act, requiring designation of process agents by motor carriers and transportation brokers. During the year 8,559 Designation of Process Agent forms were received and processed.

No new grants of authority to self-insure were processed during the year, although one motor carrier was granted authority to discontinue its self-insurer status. We continued to analyze closely the financial position of all self-insurers previously holding such authority.

During the year 16,876 certificates of insurance and surety bonds and 10,606 notices of cancellation were received, examined, and filed. As of June 30, 1961, approximately 18,970 motor carriers and 85 freight forwarders had security on file covering bodily injury and property damage liability for the protection of the public. In addition, 15,332 motor common carriers of property and 89 freight forwarders furnished cargo insurance covering their liability for loss or damage. There are 248 surety bonds executed in behalf of transportation brokers to insure financial responsibility in their arranging for authorized motor transportation.

MEDALS OF HONOR

Under the Medals of Honor Act of February 23, 1905, as amended (49 U.S.C. 1201-1203), we consider applications for award of medals to persons who, by extreme daring, endanger their own lives in saving or endeavoring to save lives from any wreck, disaster, or grave accident upon any railroad within the United States engaged in interstate commerce or involving any motor vehicle on a public highway, road, or street of the United States.

No applications involving railroad incidents were received during the year. Of the two applications reported last year under consideration, one is still pending. The other incident resulted in an award of the medal of honor to J. Barney Pickett, postmaster of Pope, Miss., for his extreme daring in saving the life of a young woman when her pickup truck stalled in the path of an approaching train. Mr. Pickett heard the warning of the locomotive's horn and saw that a truck had installed on the track. Without regard for his own safety, he dashed about 75 feet to the crossing where the truck was stalled. Reaching into the truck cab he grabbed the driver and stepped back just before the locomotive struck the truck, demolishing it. Neither Mr. Pickett nor the woman was injured.

Since enactment of the Medals of Honor Act, there have been 119 applications involving railroad incidents. Of these, 73 were granted, 45 denied, and 1 is pending.

STANDARD TIME ZONES

No change was made during the year in our orders defining boundaries of U.S. standard time zones, entered under authority of the Standard Time Act, 15 U.S.C. 261-265, 40 Stat. L. 450, as amended. The current limits of the zones may be found in 49 CFR 139, as amended by the 1962 supplement, pages 62-65.

The most recent modification of our orders concerned the boundary between the eastern and central zones in Indiana and Kentucky. By our 35th supplemental report and order in No. 10122, *Standard Time Zone Investigation*, 314 I.C.C. 101, we extended the eastern zone to embrace eastern Indiana and middle Kentucky, effective July 23, 1961.

This change stabilized somewhat the time situation in Indiana and Kentucky, at least to the extent that their areas transferred to the eastern zone appear to be observing eastern time throughout the year. However, following our decision, there was considerable agitation for eastern standard time in some western Indiana cities and towns left in the central zone. While the desires of local businessmen for the faster standard have been temporarily satisfied by the adoption of central daylight time for the summer, which is equivalent to eastern standard time, it is likely that at the end of the daylight-saving period, October 28, 1962, the pressure for eastern time throughout the year will be renewed. Nashville interests, whose petition to include Tennessee areas east of the Tennessee River in the eastern zone was denied, recently advised the Commission that the conditions of which they originally complained continue unabated.

When the Standard Time Act was enacted, its stated purpose "to provide standard time for the United States" and its injunction to this Commission to fix the zones "having regard for the convenience of commerce" (not just interstate commerce), and its requirement of observance of standard time in relation to acts required to be performed "by any person subject to the jurisdiction of the United States," was thought to evince the intent of Congress to fix standards of time for all purposes. Although the standards of time so prescribed, particularly the daylight-saving feature, changed many previously observed local standards, they were generally observed throughout the country, even where they were thought to impose severe hardship. However, after the daylight-saving provision of the act had been repealed, an organization of farmers and several corporations and individuals of Massachusetts brought a suit in 1925

in the Federal district court to enjoin officials of the Commonwealth from enforcing the Massachusetts daylight-saving law as unconstitutional because in conflict with the Standard Time Act. The district court construed the Federal statute as not exclusive of State action on the same subject, and found no conflict between the State and Federal laws providing different standards of time for the same place, one governing State matters and the other governing Federal matters. The suit was dismissed. On appeal, the decree was affirmed by the U.S. Supreme Court.¹¹

For over 30 years we have been directing attention to the situation brought about by the narrow scope of the Standard Time Act as determined by the courts, and have urged that it be broadened and strengthened.

Our entire authority is to determine the limits of the time zones and to modify them from time to time. The only guide given us for this task is the admonition in the act to have "regard for the convenience of commerce and the existing junction points and division points of common carriers" engaged in interstate commerce. We have assumed authority to hold hearings to determine these matters, and to issue information to the general public showing what limits we have fixed. The act contains no other provisions for its administration or enforcement. No penalties are provided for violation of the act or failure to observe the time there fixed. Even with respect to the matters specified in the act to be governed by standard time, we have not considered it within our authority to investigate or determine whether the act is being observed. Although the railroads are generally supposed to be the one transport agency required to observe standard time, air and motor common carriers appear to be equally subject to terms of the act. Certain railroads, however, have been publishing their public schedules about half the time in terms of daylight-saving time. At least one railroad is said to be retaining its schedules on standard time, but brings about the advance of its operating time during the daylight-saving period by requiring employees to advance the time on their watches to the daylight-saving basis. Some of the major railroads have threatened to shift their entire operations to daylight-saving time, even in areas which do not observe the advanced summer time. In some instances we have intervened, particularly where safety was involved, and have persuaded carriers to abandon plans obviously in conflict with the provisions of the act where we thought the resulting confusion would not be in the public interest.

We have also been asked to determine whether or not a particular agency of the Federal Government, such as the Weather Bureau, must

¹¹ *Massachusetts State Grange v. Benton*, 10 F. (2d) 515; 272 U.S. 525.

conform to the Standard Time Act in certain of its activities. The act does not authorize us to interpret these provisions requiring observance. All that we can do is direct attention to the law. As interpreted by the courts, the provisions for observance of standard time by Federal officers or departments apply only when Federal law requires some act to be done at a particular time or to be performed or is prohibited within a particular period of time. In these instances our opinion as to what the law means is without statutory support and can be, and frequently is, ignored.

The original idea of Congress that a Federal standard would dominate the situation and prevent conflicting local action has not worked. Instead, as we have frequently reported, the conflict between Federal and local standards is usually resolved by the observance of local time by Federal officers and establishments.

Many provisions of the Standard Time Act are obsolete. As an example, the fixing of a single standard of time for the State of Alaska is unrealistic, in view of the 58 degree extent of the State from east to west. Four standards of time are locally observed.

The emphasis placed by the act on observance of standard time by interstate common carriers is impractical in many situations, under present conditions. If strictly followed, it would create greater confusion than now exists. It generally is avoided by common carriers, other than the railroads. This is grossly unfair to railroads, requiring them to operate on standard time during the warmer months while a large part of the area they serve is observing a different standard. In the District of Columbia, there is a hopeless conflict between the Standard Time Act and the local daylight-saving law. Both are acts of Congress but one provides standard time all year, and the other provides for a different standard for about half the year.

While the act is clearly an exercise by Congress of its authority under the weights and measures clause of article 1, section 8, of the Constitution, which is not restricted to interstate commerce, the confusion now existing must be of considerable concern to Congress because of the burden upon interstate commerce. In recent years we have received considerable evidence of the expense and monetary loss which the time confusion places upon carriers, industries, and businesses engaged in interstate and foreign commerce. Some of this expense may be inevitable in a country which must be divided into several zones. It is obvious, however, that most of the difficulty arises from the frequent change in the local observance, sometimes without much local notice, and usually without adequate notice to those affected.

The situation in Indiana prior to the recent change in the time zones, as depicted in our 35th supplemental report, 314 I.C.C. 101, 126-129, illustrates the confusing conditions which can result from the inde-

pendent action of local authorities. Another example has just been added by the recent time law of Virginia, which provides for daylight-saving time for most of the State from Memorial Day to Labor Day, but exempts Bristol, and permits the usual period of daylight saving for that part of the Washington metropolitan area in Virginia. Accordingly, the same standard is observed in Richmond, Arlington, and Bristol, Va., and Raleigh, N.C., during the winter and early spring. From the last Sunday in April until May 30, however, Richmond time is the same as Bristol and Raleigh, but an hour behind Arlington. From May 30 to the first Monday in September, Richmond time is the same as Arlington, but an hour ahead of Bristol and Raleigh, and until the last Sunday in October, Richmond is to be the same as Bristol and Raleigh and an hour behind Arlington. Thereafter, for the rest of the year, the same time is again to be observed by all four points. While this arrangement is confusing, it is probably superior to the situation which existed when each community determined for itself whether it would observe daylight-saving time and for what period.

We also have frequently questioned the delegation to this Commission of the duty to fix the time zones. While originally it was thought to be of paramount importance to place the task on us because of our knowledge of railroad operations, transportation problems are only a small part of the complex matters which must be considered in fixing or changing the boundaries of the zones.

We recommend that Congress amend the Standard Time Act so as to broaden its scope by providing that the time of the zone shall be the exclusive measure of time for all purposes, with possible exceptions either specifically provided or authorized by the administering agency, and by adding more definite standards, requirements for observance, penalties for violation, and provisions for administration and enforcement. In any event, we further recommend that there be a thorough survey for the purpose of determining whether this Commission is the most appropriate agency to fix the limits of the zones or to administer the provisions of any future law relating to standard time.

ACCOUNTING, COST FINDING, AND VALUATION

The pressing economic situation in the now highly competitive transportation industry has demanded increased emphasis on the adequacy of the accounting systems and the costs of doing business. Accordingly, we have intensified our efforts in rulemaking, cost finding, and compliance to meet the needs of the changing conditions.

As indicated in the table below, the Commission's accounting regulations were applicable to 4,713 carriers as of June 30, 1962. In addition, there were about 14,000 carriers subject to the Interstate Commerce Act for which accounting regulations were not prescribed.

Railroads, class I.....	103
Railroads, class II.....	298
Railroad switching and terminal companies, class I.....	42
Railroad switching and terminal companies, class II.....	155
Railroad lessor companies.....	143
Motor carriers (passenger).....	233
Motor carriers (property) : class I—1,135; class II—2,420.....	3, 555
Oil pipelines.....	90
Water lines.....	127
Electric lines.....	19
Freight forwarders.....	65
Refrigerator car lines.....	8
Express companies.....	2
Sleeping car company.....	1
Stockyard companies.....	41
Holding companies (rail).....	4
Total	4, 886

REGULATING ACCOUNTS

The revision of the uniform system of accounts for railroads referred to in the previous annual report was made effective January 1, 1962. Some of the major changes involved accounting for business combinations, for employees' pension and health and welfare plans, and for certain construction and retirement of property.

The revision of rules governing the destruction of records by pipeline companies also referred to in the prior report was completed. Reductions in the retention periods of and authorization of use of microfilm for historical records will result in savings to the carrier of time and storage space.

Carriers were granted permission in *Financial Statements Released by Carriers*, 315 I.C.C. 507 (1962), to publish financial statements differing from statements filed with this Commission, provided that differences are clearly disclosed in footnotes or supplemental statements thereto. This permission was prompted because of the material difference in the income computed in accordance with the Internal Revenue Code and that reported to this Commission in accordance with our prescribed rules primarily caused by the provision for accelerated depreciation for tax purposes.

After investigation, 29 special accounting rules were issued involving unusual transactions not specially covered in the accounting regulations. These involved adjustments of capitalization, major rebuilding programs, abnormal losses due to special obsolescence of property, and other transactions.

A comprehensive revision of the uniform system of accounts for pipeline companies was undertaken to update the regulations and to provide for new and developing technological changes in the industry. A complete revision of the general instructions, the texts of the accounts, and the form of financial statements is contemplated along with the elimination of a number of accounts determined to be no longer necessary.

In compliance with provisions of orders in finance dockets, there was submitted for examination and approval 473 statements reflecting expenditures and other information relating to accounting for purchases, mergers, consolidations, and the issuance of securities and journal entries recording the abandonment of railroad property.

Conferences with the Committee on Relations with the Interstate Commerce Commission of the American Institute of Certified Public Accountants were continued during the year. This committee was established in 1956 for the purpose of assisting the Commission in developing sound accounting practices for carriers subject to its jurisdiction. Meetings were also held during the year with accounting officers of railroads, motor carriers, pipeline companies, water carriers, and others to discuss accounting problems and changes in the accounting rules applicable to the several modes of transportation subject to the Commission's jurisdiction.

In carrying out the continuing responsibility of the Commission for determining the classes of property for which depreciation charges may be included by carriers in operating expenses and the rate or rates of depreciation to be used by railroads, pipelines, and water carriers, the Commission issued 22 formal orders and 142 informal directives prescribing or approving depreciation rates. Charges for depreciation included in the operating expense accounts of railroads, pipelines, and water carriers, during the year 1960, approximated \$800 million.

COST FINDING

Examination and evaluation of cost evidence introduced in 135 formal cases were completed. These cases covered a variety of proceedings such as changes in rates on a large number of individual commodities moving by railroad, highway, barge, and coastal water carriers; divisions of rates between carriers by rail and highway; commutation fares by railroads and buslines; trailer-on-flatcar rates; and general increases in motor carrier rates.

Individual cost studies were prepared by members of the staff for introduction in the following proceedings:

Docket 32385, *Increased Rates—Central States Territory—1958.*

Docket 33374, *Divisions—Textiles—South Carolina to the East.*

Docket 33648, *Petroleum and Products—Oklahoma to Illinois.*

Cost data were prepared in connection with 2,956 requests from the Board of Suspension involving proposed changes in 14,499 rail, motor, and water individual point-to-point rates. In addition, analyses of cost data submitted by motor carriers in support of general rate increases were made in six cases concerning carriers of property and in five cases involving bus fares. The Board of Suspension also was furnished analyses of cost data in 60 cases involving reconsideration of previous board action.

The special study data requested from the railroads for the investigation of per diem charges were analyzed and the results were used to complete a per diem cost study for the year 1960. The completed study will be introduced at a subsequent hearing. A formula was designed for developing per diem charges for any year in the future. The further study of per diem ownership costs by types of car is in progress.

The study to develop costs of formerly exempt commodities moving by motor carrier is in course of preparation.

A study designed to furnish up-to-date data of loaded and empty car-miles by type of equipment was completed.

Highway Form B, entitled "Simplified Procedure for Determining Cost of Handling Freight by Motor Carriers," which has formerly been applied manually, has now been converted to an automatic data-processing procedure. This innovation has removed the limitation on the number of times that this formula can be applied. Rail Form A, entitled "Formula for Use in Determining Rail Freight Service Costs," is also being adapted for automatic data processing, and this method of application makes available the capability of developing rail costs by individual carriers, a result which has never been attained before. It also permits the use of factors for an individual carrier rather than those of a territorial character. This latter provides a test of the significance of such changes.

Studies of costs of transporting property by motor carriers in the east-central, south-central, and east-south territories, and the southern region are in progress. Preliminary plans for similar studies in the New England and central regions are in preparation.

The following cost studies were published:

1. *Distribution of the Rail Revenue Contribution by Commodity Groups—1959, Statement No. 2-61.*

2. *Distribution of the Rail Revenue Contribution by Commodity Groups—1960, Statement No. 2-62.*

These two publications, commonly known as "rail burden studies," provide comparisons of carload revenues and costs by commodity classes and by territorial movements. They indicate the extent to which the transportation burden is borne by the respective commodities.

3. *Rail Carload Cost Scales by Territories for the Year 1960, Statement No. 3-61.* Rail carload freight service costs are furnished separately for the eastern district, Pocahontas region, southern region, and western district based on operations of rail carriers in 1960. The costs are shown on out-of-pocket and fully distributed bases by type of car, by weight of net load, and by length of haul. Factors for changing these costs to reflect other than territorial average operating conditions are provided.

4. *Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, Middle Atlantic Region—1960, Statement No. 1-62.* This study contains data as follows: (1) average unit costs for the various services performed by the carriers; and (2) mileage cost scales by weight of shipment for single-line movements, interline movements, and weighted average for all movements.

Numerous conferences were held with the Post Office Department and rail representatives relative to the collection of data and presentation of cost information in future mail pay proceedings and parcel post rates. Conferences were held with representatives of the barge and coastal and intercoastal carriers to obtain additional information which is to be used in designing separate cost formulas for each of these groups of carriers. A meeting was also held with the members of the Industry Advisory Committee on Per Diem Costs to discuss procedures used in the test application of the proposed per diem cost study.

FIELD EXAMINATIONS AND INVESTIGATIONS

The field activity was reorganized during the year to strengthen the effectiveness and quality of the field examination program, to permit maximum utilization of the staff, and to provide a balanced

distribution of the national workload for optimum coverage and production. In addition, the reorganization provides for a greater participation by the supervisory staff. Supervisors will exercise more direct control and supervision over the examining staff by personal contact and on-the-job guidance.

A training program was completed during the year enabling our field auditors to perform both the accounting and valuation examinations of carriers subject to valuation reporting requirements, resulting in consolidated reports of examination and a more flexible working staff. In the past year, effort was concentrated on the major railroads and, in particular, those involved in or contemplating merger.

The accounting and related financial records of 1,125 carriers subject to our accounting rules were examined by field auditors; these analyses included the records of 140 railroads, 935 motor carriers, and 50 other types of carriers. The accounting examinations revealed strong indications of improper or unlawful activity by a number of carriers. The findings in these instances were reported to the Bureau of Inquiry and Compliance for appropriate action.

The field staff also conducted 18 special investigations for other bureaus of the Commission and other departments of the Government. These examinations were for the purpose of obtaining specific data for use in law enforcement proceedings or verification of data submitted by rail carriers seeking Government assistance in securing loans under the Transportation Act of 1958.

The field activities were supplemented by an examination by the Washington staff of annual reports filed by class I and class II motor carriers of property and class I motor carriers of passengers for the purpose of detecting errors in accounting, which are directed to the carrier's attention through correspondence. There were 2,329 reports examined during the year.

VALUATION OF RAILROAD AND PIPELINE PROPERTY

During the year reports were prepared and approved by the Commission establishing values for ratemaking purposes of the properties of 78 pipeline companies with an aggregate value of \$2.75 billion.

A total of 308 reports covering changes in the properties of class I railroads, switching and terminal companies, and pipeline companies were received and processed.

The annual statement showing elements of value of the properties of 147 class I railroads and switching and terminal companies as of December 31, 1960, was issued reflecting: Original cost (excluding land), \$33,306,398,000; cost of reproduction new, \$75,895,035,000; cost of reproduction new, less depreciation, \$47,925,585,000; estimated present value of land, \$2,064,873,000; and working capital, \$550,043,000.

Construction indices, reflecting construction and procurement price relationships for selected years, were prepared for carriers by railroad and pipeline.

Recommendations were submitted to the Congress covering proposed changes in the Interstate Commerce Act which, if approved, will enable us to simplify the reporting of changes in properties by railroad companies.

Other significant valuation work performed included the completion of an engineering study of selected categories of class I line haul carrier property to determine the cost of reproduction new, less depreciation, of freight cars and properties used in the repair of such cars, for use in connection with the establishment of per diem rates.

Field inspections of eight pipeline carrier properties were conducted by engineering personnel incident to the finding of initial valuations for such properties by the Commission. Important matters investigated included the effect of unusual conditions encountered during construction, both adverse and favorable, on established basic guide prices, and the propriety of cost allocations between property accounts and elements.

ECONOMIC RESEARCH AND STATISTICS

The activities of the research staff of the Bureau of Transport Economics and Statistics were more closely integrated with those of other bureaus during the past year. The research staff was directly involved in the preparation of pertinent data for use in formal proceedings. It also met requests for a substantially increased volume of economic and statistical advisory and reference services. This Bureau receives, processes, and publishes statistical data in carrier operations, traffic, finances, and other information for use by the Commission in connection with its regulatory function.

ECONOMIC RESEARCH

In providing the Commission with economic advisory service, the research staff of the Bureau of Transport Economics and Statistics supplies special economic and statistical analyses and information relating to transportation problems; performs basic economic research useful to the Commission in the performance of its function of regulating transportation in the public interest; prepares textual material as well as economic and statistical data for various Commission publications; and provides statistical and economic staff support in proceedings of major transportation importance.

During the fiscal year 1962, these services included analyses of the economic aspects of legislative proposals as a basis for expression of the Commission's views. Among the subjects of pending legislation analyzed were the current economic ills of the common carrier system in the United States, the regulation of the Alaska Railroad, the proposed census of transportation, the use of section 22 of the act to obtain rates on Government traffic, the regulation of transportation in the State of Hawaii, and railroad mergers. Other economic aspects analyzed, some of which were more or less related to specific legislative proposals, included matters concerned with inland waterway transportation, the use of rate of return on investment as a criterion for the establishment of rates, illegal (gray area) transportation, the outlook for electrification of railroads in the United States, the tax on passenger transportation, extension or restriction of the bulk commodity and agricultural exemptions, traffic movements under the third proviso of section 27 of the Merchant Marine Act of 1920 (Jones Act), the provision of eminent domain rights for the builders of coal pipelines, Alaskan and Hawaiian through routes and joint rates, and mass or urban transportation problems as related to interstate transportation.

Members of the economic and statistical staffs testified in formal proceedings relating to the dangers of grade-crossing accidents between trains and motor vehicles, and the possible results of a proposed railroad merger. As to the subject last mentioned, a staff study was published which is described in detail below, and a second phase of such study dealing with the feasibility of quantitative application of criteria has been initiated. In addition, research is underway in connection with specific railroad merger proposals which were expected to be brought before the Commission during the coming year.

Considerable assistance was furnished Federal departments or agencies with respect to such matters as gross capital expenditures in the transportation industry, wage data for use by the Presidential Railroad Commission, the trucking of fluid milk, and the interests of consumers in the transportation of passengers and commodities.

Meetings with representatives of the railroads and railroad labor resulted in revisions of accident-reporting regulations and codes, which became effective at the beginning of calendar year 1962.

Members of the economic and statistical staff met with various governmental, private, and educational bodies which were considering questions and problems related to the functions of the Commission. In addition, assistance was furnished visitors from Great Britain, France, Yugoslavia, the United Arab Republic, West Germany, and Israel, and the Western Australian Railway, who were seeking information on transportation matters.

At the close of the reporting period, economic research was being performed in regard to the implications of new departures in rate-making, particularly piggyback rates, the collection of statistics of piggyback movements, and fluctuation in railroad freight traffic compared with production.

The following research and analytical statistical studies were issued during the fiscal year.

Statement No. 6112, *Freight Revenue and Wholesale Value at Destination of Commodities Transported by Class I Railroads, 1959*. This study was the 11th in a series of analyses which show for selective years estimates of the relation between gross freight revenues of class I line-haul railroads and the wholesale value at destination of the commodities transported. The current analysis provided detailed information for 1959 and brief comparisons for earlier years. The series has been used as a basis for consideration of rate policies and in connection with rate and other proceedings before the Commission, and it has been in increasing demand by railroads, competing carriers, and shippers for use in determining the areas of traffic in which freight rates have become relatively higher or lower. The data have also been utilized by carrier associations and various research organizations in appraising factors affecting the relationship of rates and prices.

Statement No. 6109, *Rail-Highway Grade-Crossing Accidents for the year ended December 31, 1960*. This study was one of a series of annual releases which began in 1935. The basic data were furnished by the railroads covering individual grade-crossing accidents, which reports indicate the circumstances existing in each accident as well as the deaths and injuries caused thereby. The study analyzed the trends during the past 10 years in the number of accidents of this type, the number of persons killed or injured, the ratio of these accidents to train and train-service accidents, and the ratio of these accidents and the resulting deaths and injuries to train-miles and motor vehicle registrations. The accidents in 1960 were analyzed with respect to many of the existing factors, such as the nature of the collision; the hour, day of week, or month in which the accidents occurred; the type of motor vehicle and kind of train; the kind of crossing protection; speed and kind of train; weather conditions; length of train; speed of motor vehicle; and States in which the accidents occurred.

Accident Bulletin No. 129, *Summary and Analysis of Accidents of Railroads in the United States Subject to the Interstate Commerce Act, Calendar Year 1960*. Class I line-haul railroads, class I switching and terminal companies, and class II railroads are required by statute to report all collisions, derailments, or other accidents resulting in a personal casualty or in damage to equipment, track, or roadbed exceeding amounts specified in accident-reporting rules and regulations prescribed by the Commission. The summaries of these reports are contained in this publication, and the accidents are analyzed in certain categories, such as casualties to persons of all classes, to passengers on trains, to employees, and to trespassers, and also as to those which occurred at rail-highway grade crossings.

Statement No. 6201, *Railroad Consolidations and the Public Interest—A Preliminary Examination*. This study explored the problem of determining the public interest in rail merger proceedings. It outlined the motivating factors in railroad consolidation proposals, summarized categories of current opposing opinions regarding railroad mergers, and examined the criteria and methods that have been used by Federal regulatory agencies in determining public interest in mergers in motor, air, and ocean carrier fields of transportation. The study contained individual analyses of 14 important railroad merger or control cases decided since 1920, and an appendix summary of these 14 cases and other selected post-World War I applications for acquisition of control.

Statement No. 6203, *Selected Statistics of Class III Motor Carriers of Property, 1960*. This publication summarized the operations of class III motor carriers of property, which are those receiving less than \$200,000 annual gross operating revenue from interstate and intrastate motor carrier property operations. The compilation was

the first published covering carriers of this category, which comprise the largest single group in number of carriers reporting regularly to the Commission. Both common and contract carriers were covered by items of revenue, expenses, vehicle-miles operated, volume of freight carried, and certain averages obtainable from the foregoing data.

Transport Economics. This monthly publication contains analyses of current operating and fiscal conditions of the various modes of transportation subject to the Commission's regulatory functions, and of other aspects of the economy which are related closely to the transportation industry.

CARRIERS' REPORTS AND STATISTICS

At the end of fiscal year 1962, there were 18,633 carriers and organizations subject to statistical reporting requirements prescribed by the Commission. These are categorized in the tabulation below. During 1962, carriers filed approximately 100,000 financial and operating reports of various types, which were processed by the Bureau of Transport Economics and Statistics. Included were 18,420 annual, 39,416 quarterly and monthly, and 41,853 railroad accident and supplemental reports of individual train and train-service accidents. The large increase in the number of railroad accident reports was made necessary by the amended Accident Reports Act, Public Law 86-762.

Number of carriers subject to Uniform System of Accounts and required to file annual and periodic reports as of June 30, 1962 ¹ -----	4, 886
<hr/>	
Number of carriers and organizations required to file annual and periodic reports but not subject to accounting regulations:	
Car lines (companies which furnish cars for use on lines of railroads)-----	166
Class II and class III motor carriers of passengers-----	891
Class III motor carriers of property-----	12, 448
Water carriers (less than \$100,000 gross revenue)-----	106
Freight forwarders (less than \$100,000 gross revenue)-----	22
Holding companies (motor)-----	27
Street electric lines-----	6
Rate bureaus and organizations-----	81
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Total-----	13, 747
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Grand total-----	18, 633

¹ A listing by class of carrier is shown on p. 152.

While the total number of carriers subject to reporting regulations remained relatively stable, the dynamic character of the industry is illustrated by the number of changes occurring within the list of carriers. During 1962, approximately 1,322 carriers were deleted from

the list of reporting carriers as a result of disposal or loss of operating authority due to mergers, abandonments, and similar reasons. However, these carriers were more than offset by the addition of 1,574 new names to the list of those subject to reporting regulations. The largest volume of turnover in carrier operating authorities was within the group of carriers classified for reporting purposes as class III motor carriers of property.

Changes in prescribed reporting requirements were continued during the year to reflect developments within the industry and the changing needs of the Commission for transportation data. Monthly report Forms R & E (revenues and expenses) and IBS (income-balance sheet) prescribed for all class I line-haul railroads were discontinued and replaced by quarterly reports effective January 1, 1962 (docket No. 33687). Monthly financial reports filed by sleeping car companies (The Pullman Co.) and express companies (Railway Express Agency, Inc.) were placed on a quarterly basis effective January 1, 1962 (docket No. 33687, Sub-Nos. 1 and 2). Class I motor common carriers of general freight were relieved from filing quarterly report Form QFR-1 effective with the report for the quarter ending September 30, 1962 (docket No. 33959). In addition, numerous report forms were revised to reflect changes in accounting and statistical reporting requirements.

Publication of the regular statistical summary reports and tabulations for all modes of transportation was maintained during the year. Included were *Transport Statistics in the United States*; *Compensation of Officers, Directors, etc., Class I Railroads*; *Freight Commodity Statistics of Class I Railroads in the United States*; *Motor Carrier Freight Commodity Statistics*; monthly and annual summaries of railroad accident and grade-crossing accident statistics; and related or complementary monthly and quarterly releases.

In the interest of eliminating some of the existing data gaps in published transportation statistics, as noted heretofore, the Bureau published for the first time summaries of financial and statistical operating data related to the approximately 12,000 class III motor carriers of property for the year 1960 (Statement No. 6203). It is planned to publish summarized data from the quarterly reports (Form QFR-II) filed by class II motor carriers of property in the near future. Also, plans are being formulated to publish quarterly motor carrier data from reports filed by class I motor common carriers of general freight on Form QFR-I-GF. It is expected that these data will be of great value to the Commission, the transportation industry, and others. Further improvements directed toward the elimination of gaps in our knowledge of transportation and toward the improvement of the quality of published data are anticipated.

The financial and operating reports filed by carriers with this Bureau form one of the major sources of intelligence upon which Commission and other regulatory decisions rest. They are in constant use by the Commission, other agencies of Government, financial analysts, economists, labor groups, shippers, insurance companies, equipment manufacturers, suppliers, and carriers, and for this reason accurate and timely compliance with reporting requirements are of utmost importance. Every effort is made to secure reports from carriers on a cooperative basis; however, on occasion it becomes necessary to use the various penalty provisions of the Interstate Commerce Act related to this matter. During the 1962 fiscal year, the records of 412 carriers were referred to appropriate Commission authorities for enforcement action under these provisions. Included among the carriers were 2 railroads, 1 private car line, 1 water carrier, and 408 motor carriers. The majority (352) of the motor carriers were class III carriers.

In most cases, required delinquent reports are elicited from carriers without penalty. However, the institution of civil forfeiture proceedings against 21 motor carriers (13 class II, 8 class III) delinquent in filing annual reports for 1960, referred for action in 1961, resulted in the imposition of forfeitures against 15 carriers aggregating \$6,895 during 1962. The highest forfeiture for a single carrier amounted to \$1,200. Six cases are pending litigation. Also during 1961, proceedings for the revocation of operating authority were instituted against 126 class III motor carriers of property delinquent in filing annual reports. Most of these carriers complied, but the operating authorities of 23 were revoked during the current fiscal year for willful failure to comply with the reporting requirements.

STATISTICAL ADVISORY SERVICES

The Bureau of Transport Economics and Statistics provides statistical services relative to such matters as probability sampling, forecasting, and cost studies. For example, a probability sample of records in offices of motor carriers was designed to obtain data used in the hearing before the Commission in Dockets Ex Parte MC-1, MC-19, MC-61, and MC-62, which related to certain practices of motor carriers moving household goods in interstate commerce. This technique made it possible to obtain essential data at minimum cost within a specific time limit.

Statistical techniques, including regression, were adapted for use in forecasting traffic volume, and interpreting the results.

Improved techniques were also applied to problems involving statistical aspects of cost studies which included the use of the waybill sample, the interpretation of linear and nonlinear cost functions, and the types of variables to be used in connection with linear regressions.

TRAFFIC ANALYSIS

In response to numerous requests, assistance was given in the use of waybill sample information for analysis of rail carload traffic flow. These services were concerned primarily with problems incident to planning such studies, and the limitations of sample data in their interpretation.

Traffic studies and analyses were made, based on the waybill sample and other source data, for use in connection with proceedings matters.

A new publication entitled "Deep-Sea Domestic Waterborne Traffic, 1956-1960" showing ton-miles and average haul per ton for dry and tanker cargoes, by origin and destination trade areas, and for movements between trade areas, was brought near completion.

The waybill sample. The number and complexity of requests for data from the continuous 1-percent sample of carload traffic terminating on class I railroads increased during the year. In addition to a rise in requests for the regular series of waybill data publications, a number of requests for special tabulations, primarily for use in connection with Commission proceedings, were processed.

Plans were initiated to improve waybill sample publications and to accelerate their release. This program calls for more detailed analysis of the data, expansion of accompanying explanatory material, and special text tables designed to aid the user. At the same time steps were taken to accelerate the receipt of sample waybills and their tabulation.

Further progress was made in the electronic computation of short-line miles needed for the calculation of various traffic characteristics involving length of haul. At the end of fiscal year 1962, approximately 90 percent of the sample waybills was being miled electronically.

The waybill publications.—Six series of publications derived from the waybill sample are issued regularly.

Statement TD-1, Territorial Distribution, Traffic and Revenue by Commodity Classes shows, for commodity classes and territorial movements, the number of carloads, tons, revenue, short-line ton-miles, short-line car-miles, average tons per car, average miles per ton, average miles per car, average revenue per 100 pounds, average revenue per car, average revenue per car-mile, and average revenue per ton-mile. A supplement which combines the three western territories was issued for 1960; this information will be included in the regular statement for 1961 and later years.

Statements MB-1, 2, 3, 4, and 5, Mileage Block Distribution show information for the characteristics listed above in connection with Statement TD-1, on a mileage block basis within territorial movements, by type of rate, and for each commodity class. MB-6 shows

for mileage blocks by commodity classes the average number of tons, average miles, and various revenue ratios.

Statements SS-1, 2, 3, 4, 5, and 6, State to State Movements show information for the characteristics listed above in connection with Statement TD-1, on a State-to-State movement basis for each commodity class and group. SS-7 shows tons of carload freight originating and terminating by States for commodity classes.

Statement TC-1, Type of Car shows mileage distribution of carloads for each commodity class by type of car. Statement TC-2 shows weight distribution of carloads for each commodity class by type of car. Statement TC-3 shows territorial distribution of carloads for each commodity class by type of car.

Statement RI-1, Indexes of Average Freight Rates shows indexes of average freight rates for selected commodity groups and classes, and for selected territorial movements, for each of the past 10 years.

Statement MS-2, Petroleum Products by Petroleum Administration Districts shows the number of cars and tons of selected petroleum products moving between originating and terminating districts.

All publications are issued on an annual basis. In addition, MS-2 is issued on a quarterly basis.

AUTOMATIC DATA PROCESSING

During the fiscal year, conversion to more advanced electronic data-processing equipment was initiated. The RCA 301 system to be installed during the coming fiscal year will substantially increase the operating effectiveness and capacity without significant change in annual machine rental. All current tabulating work, as well as a number of new projects, is being programed for conversion.

The updating of the electronic equipment is part of the Commission's long-range program to produce more timely and effective information. The new equipment will facilitate special studies for economic research, provide data for needed statistical analyses, accelerate release of publications, and expedite the retrieval of information from the inventory of motor carrier authorities.

By means of statistical quality control techniques, by internal consistency checks, and by other review and analytical studies, made possible by the new equipment, it is planned to maintain and improve the quality of work at higher rates of speed.

ENFORCEMENT AND COMPLIANCE

During the fiscal year ended June 30, 1962, 1,180 criminal and civil enforcement cases were concluded in the courts, with fines and forfeitures amounting to \$983,488.62, as compared with 700 cases and \$686,316 in fines and forfeitures for the previous year. Completion of this unprecedented number of court proceedings was accomplished in spite of the fact that attorneys of the Bureau of Inquiry and Compliance were employed extensively as litigants in Commission hearings. Because of the nationwide importance and broad public interest aspects of many matters recently presented for resolution, the Commission directed the Bureau of Inquiry and Compliance to participate therein to insure development of as complete a record as possible. The complexity of several of these cases required the full time and attention of some attorneys to the exclusion of regular enforcement activities. The Bureau of Inquiry and Compliance instituted or took part in 1,490 investigations, an increase of 223 over last year. Investigations related to motor carrier enforcement were mostly conducted by field personnel of the Bureau of Motor Carriers, and investigations and court proceedings related to the railroad safety laws were handled by the Bureau of Safety and Service.

RAIL, WATER, AND FORWARDER ENFORCEMENT

The Section of Rail, Water, and Forwarder Enforcement of the Bureau is engaged primarily in the enforcement of the penal provisions of parts I, III, and IV of the Interstate Commerce Act and of related statutes, except for safety. The related statutes include the Elkins Act, portions of the Clayton Antitrust Act, and the Transportation of Explosives and Other Dangerous Articles Act. In addition, the section participates in proceedings before the Commission involving administrative enforcement, interpretation, adjudication, and rule-making, and also is called upon to undertake special assignments.

The staff of special agents of the Bureau conducted approximately 235 investigations of purported violations of the act and related statutes by both carriers and shippers. Based upon the investigations, criminal informations, complaints, and indictments were filed against 59 defendants for various violations, and fines aggregating \$143,650 were imposed.

In addition to its traditional enforcement by criminal action, the Bureau during the past year has increasingly attempted to halt viola-

tions in their embryo stage. For example, acting pursuant to the authority recently delegated to it, the Bureau, through the rail section, forwarded a memorandum of fact and law and a series of proposed pleadings to the Department of Justice with the request that injunctive action be taken under section 3 of the Elkins Act to prevent a large transcontinental railroad from constructing a \$2,900,000 warehouse distribution center in the West for rental to a national retail food distributor at concessionary rentals resulting in a net return of only 1.8 percent per annum when the net return on similar projects was in the neighborhood of 6 percent. The requested injunctive action was filed. The carrier and the food distribution concern altered their rental arrangement to a sale agreement whereby the carrier would sell the property at a price arrived at by the appraisal of three independent appraisers. On this basis the Government and carrier agreed to a consent decree. Thus the economic benefits anticipated from the warehouse construction could be advanced within the framework of the law rather than in violation of the statutes.

The tempo of enforcement by criminal action under the Elkins Act has increased as evidenced by fines totaling \$63,000 during the single month of May. Such fines were assessed against seven defendants (including both shippers and railroads) for receiving or granting concessions through the device of misdescription of the commodities shipped in interstate commerce or false statements of the weights of the shipments. In one of these cases both the president of a mid-western pipe company and the corporation entered pleas of guilty to such violations accomplished through the device of a false statement of the weights of the interstate shipments involved. In those cases the criminal charges were based on facts indicating that the corporation had entered into weight agreements with the railroad covering carload shipments of used pipe. The shipments of pipe were tendered to the railroad for transportation on bills of lading showing the weights as being slightly in excess of the 40,000-pound minimum weight, and each bill of lading was stamped with the weight agreement stamp. The investigation disclosed, however, that most of the shipments actually weighed in excess of 100,000 pounds. The false weight declarations thus resulted in undercharges of more than \$1,000 per carload shipment. In that case, fines aggregating \$20,000 were imposed upon the defendants.

Among other false billing cases the Bureau processed to successful completion during the year was a series of cases involving the solicitation and receipt of concessions through the device of falsely representing shipments as aluminum chairs when they actually consisted of chaises longues on which higher rates were applicable.

Another interesting case involving furniture occurred in the Northern District of West Virginia. In that case, two partnership de-

defendants, who had been charged in separate criminal informations with violations of the Elkins Act, entered pleas of guilty to the charges. Fines aggregating \$5,000 were imposed. The partnership defendants were composed of members of the same family. Each defendant received shipments of new furniture via the same rail carrier from various furniture manufacturers in a number of States. They were charged with obtaining rebates and concessions from the railroad company in respect to such shipments of new furniture by false claims for damage to the furniture, alleged to have occurred during its interstate transportation. These claims included the manufacturers' invoice price of the furniture to the railroad stating that they refused to accept delivery of the damaged merchandise. However, investigation disclosed that these claims were fraudulent in that the furniture which moved to the defendants in the shipments upon which claims were based was not the furniture returned to the railroad. Instead, defendants returned older or used articles of furniture of the same type as the refused shipments forming the basis for the claims. By this device, they disposed of their old stock or damaged merchandise and received their new stock at the expense of the railroad.

Added emphasis has been given to the enforcement of rule 34 of the Uniform Freight Classification. In one case in the U.S. District Court for the Southern District of Indiana, two railroad defendants upon their respective pleas of *nolo contendere* to charges of offering and giving concessions in violation of the Elkins Act were required to pay fines totaling \$10,000. These were companion cases to one involving the prosecution of a shipper of portable homes. The railroads knowingly permitted misapplication of the provisions of rule 34 of the Uniform Freight Classification by which the portable houses were transported on flatcars at charges substantially lower than those properly applicable for the size of the cars used under the railroad tariffs. One unusual feature of the case was that both the origin and the connecting railroad were involved in the arrangement for the transportation at the unlawful charges.

In still another rule 34 case in the U.S. District Court for the District of Maryland, a railroad and a shipper were each fined \$6,000 upon their respective pleas of *nolo contendere* to criminal informations charging the giving and receiving of concessions in violation of the Elkins Act. The unlawful concessions were obtained through the misapplication of rule 34 of the Uniform Freight Classification by which cabin cruisers too long for loading on 40-foot flatcars were loaded on 53-foot flatcars and charges assessed on basis of minimum weights applicable to the 40-foot cars.

A New England railroad was fined \$8,000 for violations of rule 7 of the Uniform Freight Classification. In this case the railroad

had released to the consignee a number of order-notify carload shipments of fresh meat without obtaining the order bills of lading and without there being in effect a valid indemnity bond. As a result the railroad was required to reimburse the consignor to the extent of approximately \$165,000. The consignee was unable to pay, and subsequently was adjudged to be bankrupt.

Abuse of transit privileges led to the filing of an interesting case in the Southern District of Georgia. The defendant corporate shippers were fined an aggregate of \$10,000. Under a clever plan of operation, when corporation "A" located in South Carolina sold a carload of lumber to a purchaser in south Florida, it shipped the car to corporation "B" in Georgia, instructing the latter to reship it to the purchaser in south Florida. "B," which had a surplus of transit credits in connection with west coast lumber it received for use in its manufacturing business, reshipped the lumber to destination as a transit shipment without even breaking the car seals. "B" surrendered the west coast billing as a basis for the transit "balance-out" rate. Inasmuch as the rate on lumber shipments from the west coast to destinations in Georgia and Florida is the same, the balance-out rate was zero. Thus corporation "A" shipped its lumber to Florida destinations at the local rate from South Carolina to Georgia, plus the nominal transit charge, gaining a competitive advantage of about \$170 per car below the applicable rate had the shipment moved directly from South Carolina to destination. The rate defeat thus realized was apportioned between the two corporations.

An increasing volume of cases involved violations of the Commission's credit regulations, and the majority were successfully concluded within the year of filing. In one of these cases, brought by direction of the Commission as an outgrowth of an administrative proceeding before the Commission, a large southern railroad pleaded nolo contendere to 10 counts of a criminal information charging violations of the credit regulations and was fined \$5,000.

The section's workload also has mounted as the result of more frequent participation in administrative proceedings before the Commission. Among these proceedings the section presented evidence, submitted briefs and arguments in No. FF-C-7, Atlanta Shippers Association, Inc., Investigation of Operations, and No. FF-C-8, Federal Shippers Association, Inc., and A-1 Truck Rentals, Inc., Investigation of Operations. These cases were decided by Division 1 on May 14, and June 28, 1962, respectively. Since these cases touch "gray area" problems concerning interpretation of the exclusionary provision of section 402(c)(1) of the act pertaining to shippers' associations, the Commission signified them to be of general transportation importance. The Division held in substance that the forma-

tion, operation, and control of the alleged associations were centered exclusively in the hands of single entrepreneurs and that they were in fact unauthorized freight forwarders since the shipper-members did not control or dominate the transportation operation.

An attorney from the section recently presented evidence through witnesses from the Bureau of Safety and Service in docket No. 33133 et al., involving the investigation of plan III piggyback rates and practices of substantially all of the rail carriers east of the Mississippi River. The intricate detail involved in such matters as well as the volume of evidence to be adduced is illustrated by the fact that the testimony of the Bureau's witnesses required the better part of a week for presentation.

A rail section attorney, along with two attorneys of the section of motor carrier enforcement, participated in the initial 4 days of hearings in docket No. 33440, Prevention of Rail-Highway Grade-Crossing Accidents Involving Railway Trains and Motor Vehicles. The testimony of several Commission witnesses and specially prepared reports and exhibits were introduced in evidence. In addition, the Bureau attorneys presented witnesses and evidence on behalf of the Bureau of Public Roads of the Department of Commerce and from several State commissions and departments. The breadth of interest existing in respect to this case is evidenced by the fact that four State commissioners of the National Association of Railroad and Utilities Commissioners representing the States of Nevada, Massachusetts, Virginia, and Minnesota joined with two Commission examiners in the hearing of this matter.

The rush of rail merger and control matters has severely taxed the section's staff, and a continuing demand on the Bureau's limited number of personnel is anticipated in this area of activity. Counsel from the section participated in several hearings held in Washington, Chicago, and Evansville in Finance Docket No. 21755 et al., involving the applications of Missouri Pacific and Illinois Central to acquire control of Chicago & Eastern Illinois, and more especially in the companion investigation of possible unlawful acquisition of control of Chicago & Eastern Illinois by Missouri Pacific and/or Louisville & Nashville.

Counsel from the section has also participated by means of production of testimony, cross-examination, and submission of a brief in the Norfolk & Western, Nickel Plate, and Wabash merger case, Finance Docket No. 21510 et al., and in Finance Docket No. 21193 involving the transfer of the water carrier certificate of Pittsburgh Towing Co.

By recent order of the Commission, the Bureau was directed to participate as a party in the Pennsylvania-New York Central merger

and control case, and three of the Bureau's attorneys were assigned to a special "task force" created for this purpose.

The following table shows for this section the number of investigations, court proceedings, and Commission proceedings on hand at the beginning of the year, commenced and concluded during the year, and pending at the end of the year.

Rail, water, and forwarder enforcement (except safety)

	Rail	Water	Forwarder	Total
Investigations:				
On hand beginning of year	169	24	45	238
Commenced during year	193	10	19	222
Concluded during year	200	16	19	235
Pending at end of year	162	18	45	225
Court proceedings:				
On hand beginning of year	63	1	2	66
Commenced during year	76	1	2	79
Concluded during year	69	2	0	71
Pending at end of year	70	0	4	74
Commission proceedings:				
On hand beginning of year	4	1	6	11
Commenced during year	2	2	5	9
Concluded during year	4	0	0	4
Pending at end of year	2	3	11	16

RAILROAD SAFETY ENFORCEMENT

Court proceedings handled by the Bureau of Safety and Service involved railroad violations of the Safety Appliance Act, hours of service law, the Accident Reports Act, the signal inspection law, and the Locomotive Inspection Act. The following summary shows the number of cases concluded and fines imposed under these statutes, during the fiscal year ended June 30, 1962.

Act	Cases concluded	Fines imposed
Safety Appliance	275	\$188, 500
Hours of Service	36	27, 850
Accident Reports	6	550
Signal Inspection	6	1, 600
Locomotive Boiler Inspection	12	5, 000

MOTOR CARRIER ENFORCEMENT

Enforcement actions related to transportation subject to part II of the act are handled by the Section of Motor Carrier Enforcement.

Fines and forfeitures imposed totaled \$616,338.62, of which \$524,138.62 was required to be paid.

The following table for the period from July 1, 1961 to June 30, 1962, shows the number of investigations, court and Commission proceedings, applicant fitness, automobile and garment carrier applications, and racial discrimination and practitioner cases on hand at the

beginning of the year, commenced and concluded during the year, and pending at the end of the year.

Investigations:

On hand beginning of year-----	977
Commenced during year-----	¹ 1, 252
Concluded during year-----	¹ 1, 255
Pending at end of year-----	² 974

Court proceedings:

On hand beginning of year-----	488
Commenced during year-----	855
Concluded during year-----	774
Pending at end of year-----	569

Commission proceedings:

On hand beginning of year-----	270
Commenced during year-----	116
Concluded during year-----	149
Pending at end of year-----	237

Applicant fitness, automobile, garment applications:

On hand beginning of year-----	4
Commenced during year-----	76
Concluded during year-----	78
Pending at end of year-----	2

Racial discrimination and practitioner cases:

On hand beginning of year-----	41
Commenced during year-----	19
Concluded during year-----	34
Pending at end of year-----	26

¹ Includes final investigation of motor violations made by field personnel of the Bureau of Motor Carriers.

² Includes completed final reports in the possession of the Bureau attorneys.

Some cases of particular interest, because heavy fines were imposed or unusual issues arose, warrant specific mention.

In the field of racial discrimination, a joint motion to affirm the judgments of a three-judge court sitting in the Western District of Louisiana was filed on June 14, 1962, in the U.S. Supreme Court by this Bureau and the Department of Justice, following an appeal taken to that Court on behalf of three district attorneys of Louisiana who had been enjoined from interfering with efforts of various rail and motor carriers to comply with the Commission's regulations on the subject. In a second case, in which a motion for a preliminary injunction against the city of Jackson, Miss., and certain of its officials was denied by the district court, a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit was filed jointly by the Bureau and the Department of Justice.

Based on the results of several investigations, a substantial indication of rather widespread avoidance of section 5 of the act in the New York-New Jersey area by false or incomplete representations in connection with transfer applications filed under section 212 was

developed. As an example, after a 2-week trial in the U.S. District Court for the District of New Jersey, a jury convicted a number of defendants of conspiracy to defraud the United States by making false statements and representations to the Interstate Commerce Commission. One of the defendants who is presently admitted to the Commission's bar, was also convicted of making false statements and of effectuating unlawful control of two carriers. A notice of appeal has been filed on his behalf. Total fines of over \$12,000 were imposed. The charges grew out of a transfer application under section 212 of the act when the transaction was properly subject to section 5. As a result of the false statements, the Commission was led to approve the transfer of a certificate of public convenience and necessity under section 212.

After a trial before the U.S. District Court in Baltimore, a class I motor common carrier based in New Jersey was convicted on charges of engaging in unauthorized operations. The judge stated that he believed many of the documents introduced by the defense had been altered after the Commission's investigation had begun. A motion for a new trial was argued at a 2-day hearing during which the defendant was allowed to put on an additional witness. The judge again commented that he did not believe portions of that witnesses' testimony and that certain notations which he had placed on his records had been fabricated for the purpose of the motion. The carrier was fined \$14,000 and was also required to pay court costs.

A criminal prosecution against a motor common carrier was concluded in the U.S. District Court for the Northern District of Texas involving the granting of rate concessions in the transfer of cotton gin machinery. A fine of \$5,000 was imposed and the carrier placed on probation. As a result of the investigation the carrier rebilled and the shipper was required to pay approximately \$18,000 in undercharges.

In a significant decision following trial of a motor common carrier in the U.S. District Court for the Southern District of Illinois based on violations of the Commission's safety regulations, the court ruled that the nature of the use of the vehicle at a particular time and place, i.e., whether on an interstate, local, intrastate, or empty movement, was not controlling as long as the vehicle was one operated by a motor carrier under the jurisdiction of the Commission and was one used for the transportation of interstate or foreign shipments. The defendant, who denied that the vehicle, when observed by Commission inspectors, was carrying an interstate shipment, was nevertheless found guilty.

In Boston, a circuit court upheld a conviction for unauthorized operations. On appeal the defendant contended that prior to prosecu-

tion in the court there must be a formal determination by the Commission that the operations are unlawful. The defendant also contended that there was an unlawful search and seizure when records were inspected and copied in a combination home and office. The circuit court held there was no substance to either contention.

Prosecution of a large meat dealer was concluded in the U.S. District Court for the District of Massachusetts. By means of alleged leases, the company was using many unauthorized owner-operators to transport meat and meat products. The meat dealer was prosecuted for aiding and abetting in the unauthorized operations of the vehicle owners. Because the owner-operators each had only a few trips and many could not be located, the operators were not made defendants. A substantial fine was imposed.

Prosecution of foreign carriers, who hold no authority from this Commission, has been a longstanding problem. Exempt carriers and private carriers who have violated safety regulations frequently will not voluntarily appear in court and extensive efforts are necessary to conclude such matters. Prosecution of a Canadian carrier of exempt commodities for safety violations was recently undertaken, but the carrier refused voluntarily to appear in court. Through road checks, evidence of excessive driving hours by particular drivers was secured. With this information, the U.S. attorney prepared cases against individual drivers and issued arrest warrants. Under plans arranged by the U.S. attorney, the Customs Office notified the Maine State Police when the driver entered the United States. The police arrested the drivers at a weighing station and held them until the U.S. marshal arrived. The drivers were then arraigned before a U.S. commissioner. A bond of \$500 for each was set. One driver remained in jail overnight pending posting of bond. The cases against the drivers were successful. Thereupon, the Canadian carrier agreed to appear in court and answer charges against him.

In a significant decision involving gray-area transportation, a U.S. district court in California enjoined a so-called shippers' association from conducting motor carrier operations between Georgia and California. The association operated motor vehicles which were transporting the property of the members of the association. The individual members were assessed their pro rata share of the operating costs, depending upon the extent used during each pay period. The defendant association, claiming such operations could be performed by virtue of section 402(c) (1) of the act, has taken an appeal to the U.S. Court of Appeals for the Ninth Circuit.

There is also pending in the Ninth Circuit Court of Appeals, the cases of four organizations which arrange for the movement of personal automobiles for private owners and against whom injunctions had been secured after trial in the district court.

Many other cases involving various facets of the "gray area" problem were successfully concluded during the year, including the prosecution of two corporations and an individual in the U.S. District Court in Utah for contempt of a previously issued injunctive decree restraining unauthorized operations by means of combined truck lease and driver service arrangements. Fines of \$2,500 were imposed and the individual defendant placed on probation for 5 years.

Activity in proceedings before the Commission with a view to the issuance of orders requiring compliance with the act was also accelerated during the past year. Additional investigation proceedings were both initiated and concluded. They principally involved practices and arrangements under which for-hire transportation was engaged in, some through the device of motor vehicle equipment purporting to be leased to shippers, and others under the guise of conducting private carriage through the means of purchasing commodities for resale, so-called gray area activities.

The Bureau also participated in numerous application proceedings involving applications filed under sections 5, 207, and 209 of the act. Such participation was primarily directed to the question of applicants' fitness.

At the direction of the Commission, the Bureau also participated in several proceedings involving questions other than enforcement. As an example, this Bureau participated in several related proceedings involving the consideration of proposed changes in and addition to the regulations governing the transportation of household goods, as well as the applicability of rates and the limitation of the carriers' liability thereon.

MOBILIZATION PLANNING FOR DEFENSE

The Commission's role in mobilization planning and defense readiness of domestic surface transportation has become more widely recognized and accepted during this fiscal year. This has been due in large measure to the emphasis placed upon development of practical and integrated emergency readiness programs by the bureaus and offices of the Commission. Following through on general guidelines and courses of action mutually agreed upon in the prior year, the Commission has taken major strides in developing a standby organization composed of experienced transportation executives and operating personnel representing industry and Federal and State governments. The designated individuals are helping to develop and are providing training in cooperative and coordinated preparedness and emergency measures.

Nonmilitary defense planning responsibilities of the Federal Government are assigned to various departments, agencies, and offices by legislation, Executive orders, and special delegations. The Commission's responsibilities for emergency preparedness functions were clarified and considerable impetus given to their implementation by Executive Order 11005, issued by the President February 16, 1962. The Executive order assigns to the Commission responsibility for preparing national emergency plans and developing programs concerning railroad, inland water carrier, and motor carrier utilization and operation under all conditions of national emergency, including attack upon the United States. The order also assigns responsibility for issuing defense readiness guidance to the States and nongovernmental organizations and systems relative to domestic surface transportation facilities, equipment, and services, and for coordination of emergency programs of departments and agencies having responsibility for any segment of such activity. This order revoked Emergency Preparedness Order No. 15, previously issued by the Director, Office of Civil and Defense Mobilization.

A change in national planning guidance was occasioned by Executive Order 10952, effective August 1, 1961, which transferred operating functions relative to civilian shelter and defense warning programs to the Department of Defense, Office of Civil Defense, and reconstituted OCDM as the Office of Emergency Planning (OEP).

The Office of Emergency Planning in the Executive Office of the President has overall coordinating responsibility for plans pertaining

to the management of resources and continuity of Government. On February 16, 1962, Executive Order 10999 assigned to the Secretary of Commerce the responsibility for coordination of overall policies, plans, and procedures for the provision of a centralized control of all modes of transportation in an emergency, and the development of plans for an emergency transport agency which the President might activate.

In developing emergency plans, the Commission must give consideration to the plans and programs of other agencies concerned with elements of domestic transportation, such as the Maritime Administration and the Bureau of Public Roads in the Department of Commerce, and the Federal Aviation Agency. Consideration must also be given to the plans of the agencies which would be major shippers in emergency situations. This latter group includes the Department of Agriculture, "Food"; the Department of Health, Education, and Welfare, "Hospital Supplies and Medicines"; and the Department of Defense for both civil defense and military needs.

The Commission maintained close liaison and coordination with the Office of Emergency Planning, Department of Defense, Department of Commerce, and other agencies in the development of defense readiness plans affecting transportation. A three-man staff under direction of the Chairman provided general guidance and is responsible for coordination of the Commission's mobilization and related activities. Mobilization programs and special emergency planning and training assignments relative to domestic surface transportation and continuity of the agency are carried out by the regular bureaus and offices of the Commission.

In its transportation mobilization planning, the Commission has emphasized the need for a close Federal-State working relationship. An outline of emergency programs has been presented to the Governor of each State with an invitation for cooperation and participation by representatives of the State governments. The response has been most heartening and the Federal-State-coordinated planning for domestic surface transportation is advancing.

Progress in reorganizing and recruiting additional executives for the ICC unit of the National Defense Executive Reserve (NDER) has exceeded early expectations. The unit has been increased from 106 members with 13 nominees being processed for appointment at the beginning of the year to a current roster of 372 members and 129 nominees to be appointed.

With respect to railroads, a senior and alternate senior reservist have been designated for each of the eight Office of Emergency Planning regional areas. Each senior reservist, with the assistance of his alternate, participated in the selection of a key executive for each State in his area to act as liaison with State officials. Qualified oper-

ating personnel also have been designated to serve at principal railroad terminals and gateways to provide leadership in the local areas. The senior reservists and their alternates, State reservists, and terminal representatives located at some 200 important terminals in the United States provide the nucleus of a vital organization which, if necessary, can direct railroad rehabilitation and continued operation in an emergency. Under this type of organization the senior reservist and his alternate will function from the OEP region emergency operations site. State reservists will be at their respective State emergency operations sites. Local reservists will function at their designated terminal areas. The Bureau of Safety and Service has designated regional and field personnel of the Bureau to work closely with the regional and State senior and alternate senior railroad executive reservists in developing and maintaining the rail executive reserve organization.

The rail unit of the NDER now numbers 304. An additional 114 nominees will be appointed after clearances have been obtained. Six regional and nine State orientation and training conferences have been conducted for these reservists and the regional and field personnel of the Bureau.

The Commission's motor carrier group of the National Defense Executive Reserve has been expanded to 44 members. This provides four reservists for motor transport in each OEP region. In addition, a small cadre of motor reservists with broad specialties have been assigned to a national group. Eight regional meetings have been held to acquaint motor reservists more fully with the program and their responsibilities. Conferences have been held with the motor transport industry, the Commission's field staff, and other Government agencies in order to develop a program designed to improve motor carrier emergency readiness. The Chairman set forth a proposed program to the 50 State Governors for a coordinated Federal-State approach in the organization of a practicable and workable emergency motor transport plan. The Chairman invited the Governors to cooperate with the Commission in developing the program to assure efficient usage of available motor transportation capability in an emergency to meet the survival and defense needs of the Nation. There has been widespread endorsement of the proposed program by State and industry officials.

The motor carrier program calls for creation in each State of an Emergency Motor Transport Board composed of representatives of the State, ICC, and the motor transport industry. The board will provide a central and unified source of leadership and direction for emergency motor transport planning.

The Bureau of Motor Carrier's district directors have designated key field personnel in their respective districts to serve as the Commission's

representatives on the proposed State boards. These designees will be responsible for carrying out Commission policies and procedures at the State and local level. In a postattack period the district supervisor on the State board will be in charge of the BMC staff and program in the State.

Plans have been formulated to expand the motor carrier executive reserve unit to provide at least four reservists for each State and the District of Columbia. This will increase the Commission's motor unit from the present 44 to approximately 212 reservists.

Within the inland waterway group of the Commission's Executive reserve, senior reservists have been designated for each of the OEP regional areas. The Bureau of Water Carriers and Freight Forwarders has formulated plans for further organization and expansion of the ICC inland waterway group. Although the eight-region concept is observed in the inland waterway reserve group, major consideration is being given to the natural divisions and normal operations by systems such as the Great Lakes, the Mississippi River, and the intracoastal waterways. During the year the inland water group was expanded to 10 members and nominations for 15 additional reservists are being processed.

Upon appointment each reservist receives a letter of appointment, a National Defense Executive Reserve Certificate, and a Postattack Responsibilities Card which also serves as identification of the holder as a member of the Commission's NDER unit. A current roster listing the reservists alphabetically, by name, by transportation mode, and by OEP regions is being issued. The executive reserve, with minimum expense to the Government, provides the Commission with voluntary standby executive talent that is decentralized and ready, if necessary, to function with the field staff of the Commission to rehabilitate and give guidance and assistance to each mode of transportation at the regional, State, and local levels.

The standby or self-activating Transport Mobilization Orders, prepared as a part of the Commission's emergency readiness measures in 1956 and 1958, were revised in accordance with current emergency transportation concepts and were issued to representatives of the Commission with mobilization assignments, including appropriate executive reservists. Copies are on file at emergency relocation sites and each ICC field office. Copies also were made available for distribution by industry trade associations and State regulatory agencies. The TM Orders, as they are generally known, are the result of a cooperative effort on the part of the bureaus of the Commission, other Federal transportation agencies, and representatives of industry and trade associations. The orders are effective immediately upon the proclamation of a state of civil defense emergency by the President or by concurrent resolution of the Congress. Their purpose is to give

general guidance to carriers and shippers in determining the precedence to be accorded movement of persons and goods under emergency conditions.

The revised orders provide preference and priority to the Department of Defense, civil defense authority, and Atomic Energy Commission shipments, and set forth guidance to carriers in areas subjected to enemy action.

Additional uniform guidance has been provided to persons with mobilization planning or emergency assignments by the issuance of two more chapters of the Emergency Planning and Operations Manual.

The Commission has given support to and participated in Office of Emergency Planning conferences and training sessions at the National, regional, and State levels; maintained agency representation on the OEP Regional Civil and Defense Mobilization Boards; and continued liaison representation at the OEP headquarters relocation sites and the National Resources Evaluation Center. A close working relationship was developed with the newly created Office of Emergency Transportation in the Office of the Under Secretary for Transportation, Department of Commerce. Effective working relationships were maintained with the Department of Defense, Office of Civil Defense—relative to civil defense aspects of planning and functions—and with the Defense Traffic Management Services with respect to transportation operations programs and plans which are of particular interest to that agency.

Funds were provided by transfers from the OCDM (later OEP) appropriation, "Civil Defense and Defense Mobilization Functions of Federal Agencies." In accordance with Memorandum of Understanding No. OEP-SE-62-14, \$70,000 was made available to the Commission. In support of the expanding programs, the contract was amended and the amount was increased to \$84,432 to cover the emergency planning functions of the Commission.

PRACTICE AND PROCEDURE

The major procedural change included in the broad reorganization discussed in our last annual report was the action amending our General Rules of Practice by limiting the right to apply to the entire Commission for rehearing, reargument, or reconsideration of a decision, order, or requirement of a division to those proceedings in which prior to, or at the time of issuance of a division's report, the entire Commission, on its own motion, determines and announces that the proceeding involves an issue of general transportation importance. As a result of our continuing study of practice and procedure, we determined to implement the amended rules by expressly authorizing the filing of a petition seeking a finding by the entire Commission, on its own motion, that a proceeding involves an issue of general transportation importance. While petitions of such character had been entertained under the omnibus provision of our General Rules of Practice, a rule dealing specifically with such petitions was considered to be appropriate. A petition seeking a finding that a proceeding involves an issue of general transportation importance may be filed only after a division decision is administratively final and the petition is not considered an application for rehearing, reargument, or reconsideration within the meaning of section 17 of the act. No replies to the petition are authorized.

In our last annual report, we estimated that the limitation on the right to appeal would reduce by 700 a year the number of petitions considered by the entire Commission. Because of a provision in the amended rules preserving the right to appeal to the entire Commission in proceedings in which exceptions to an officer's report were filed prior to February 1, 1961, the full impact of the limitation is not yet known. However, during the year, petitions in 1,419 cases were considered, of which 494, or only 34.8 percent, were disposed of by the entire Commission. Thus, the objective of freeing members of the Commission from the more routine matters and giving them more time for consideration of significant transportation issues was materially advanced during the year.

The Special Rules of Practice were amended to provide, so far as practical, a uniform procedure before all of the employee boards. The General Rules of Practice apply to the review boards created pursuant to H.R. 8033, which amended section 17 of the act in the manner described in our last annual report.

The privilege of participating in proceedings, without the necessity of formal intervention, was extended to matters under sections 5 and 13a of the act, while the provision granting 5 additional days of filing time to parties and practitioners in the Far West was canceled in view of present expeditious mail facilities and in the interest of uniformity and shortening of processing time.

ADMISSIONS TO PRACTICE

During the year, 604 applicants were admitted to practice. Of this number, 477, or 78.97 percent, were members of the bar of the highest court of their States. This represents a slight decrease from last year, when 527 lawyer applicants were admitted. The remaining 127, or 21.03 percent, were nonlawyers admitted upon written examination. The successful nonlawyer applicants represented 55.7 percent of the 228 who took the examination. In the preceding year, 103 of the nonlawyer applicants, or 47.7 percent, passed the examination.

A total of 29,643 persons have been admitted to practice since the Commission's bar was established on September 1, 1929. Of these, 20,182, or 68.1 percent, were admitted as attorneys, while 9,461, or 31.9 percent, were admitted as nonlawyers.

LITIGATION INVOLVING COMMISSION ORDERS

The staff of 13 attorneys in the Office of the General Counsel was concerned during the period with handling 232 cases in various stages of litigation in the Federal courts.

There were 93 cases pending on June 30, 1961, and 139 cases were instituted in the courts between that date and June 30, 1962. Of the total, 83 were concluded, leaving 149 cases pending on June 30, 1962. These comprised 8 cases pending in the Supreme Court of the United States, 2 in the courts of appeals, and 139 in the district courts of the United States.

Thirteen cases were concluded in the Supreme Court; 3 were concluded in the courts of appeals; and 67 were concluded in the district courts during this period. The more important cases are discussed below.

INTERMODAL RATE COMPETITION

In *The New York, New Haven and Hartford R. Co. v. United States*, 199 F. Supp. 635 (D. Conn. 1961), the court set aside so much of our order in I. and S. Docket No. 6834, *Piggy-Back Rates—Between East and Texas*, embraced in I. and S. Docket No. M-10415, *Commodities—Pan-Atlantic Steamship Corp.*, 313 I.C.C. 23 (1960), as required cancellation of certain reduced railroad trailer-on-flatcar rates. The rail rates, which exceeded out-of-pocket costs in all instances and fully distributed costs in some instances, were at the level of the rates of competing coastwise water carriers, but were substantially below the level maintained by the railroads for similar traffic between points not served by the water carriers. Our decision was based on findings that the water carriers could not compete at equal rates with the railroads, and that the rail rates are part of a program of rail rate reductions which threatens the continued existence of a coastwise water carrier industry which is important for national defense purposes and for general public use as an integral part of the national transportation system. The court held that our decision violates section 15a(3) of the act, concluding that we could not act as we did to prevent the water carriers from threatened destruction unless we also found the presence of other factors, such as (1) that the rail rates were so low as to be harmful to the railroads as well as to the water carriers, or (2) that the rates would deprive the water carriers of the inherent advantage of being the overall low-cost mode. The court further stated that, even should we find the water carriers to be the overall

low-cost mode, a rail rate for a particular movement could not be disturbed if it yields fully distributed rail costs which are lower than the fully distributed water carrier costs. However, the court did not prohibit us from ordering the cancellation of those rail rates which fail to yield fully distributed costs. Our appeal from this decision has been docketed in the Supreme Court as No. 944, October Term, 1961.

A three-judge district court set aside our order in *Exceptions Ratings on Agricultural, Road Making and Other Articles*, 315 I.C.C. 9 (1961), which directed the cancellation of reduced exceptions ratings published by the railroads upon findings that the resulting rates are compensatory and in most instances probably exceed full costs but are substantially below reasonable maximum levels and lower than the rates of competing motor carriers, that the record did not permit a determination of the low cost mode, that no competitive need for the reductions was shown, and that the effect of the reductions will be (1) to unnecessarily dissipate the revenues of both the railroads and the motor carriers, and (2) to endanger the abilities of the competing motor carriers to continue in operation. *Missouri Pacific R. Co. v. United States*, 203 F. Supp. 629 (E.D. Mo. 1962). Interpreting our decision as being based "in major part, if not solely," upon a finding that the rates were unjust and unreasonable because they amounted to destructive competition injurious to the motor carriers, and relying on the decision of the district court in *The New York, New Haven and Hartford R. Co. v. United States* (discussed above), the court held that we misinterpreted the law as amended by section 15a(3) in that the motor carriers had not shown that they were entitled to protection by virtue of being the low-cost mode. The court also stated that the reduced rates, being compensatory and in most instances in excess of full costs, would not be harmful to the railroads. The motor carriers have filed a notice of appeal to the Supreme Court.

EQUALIZATION OF RATES AT PORTS

In *Boston and Maine Railroad v. United States*, 202 F. Supp. 830 (D. Mass. 1962), a three-judge district court set aside our order in *Equalization of Rates at North Atlantic Ports*, 311 I.C.C. 689 (1960), 314 I.C.C. 185 (1961). The assailed order directed the cancellation of reduced rates proposed by railroads serving the ports of New York, Boston, Albany, and Portland, generally referred to as the northern tier ports, on export and import traffic moving between those ports and a defined interior territory. The purpose of the proposed rate reductions was to eliminate long-established differentials favoring Philadelphia, Baltimore, and Hampton Roads, generally referred to as the southern tier ports, on such traffic. The court held that our conclusion that the proposed reduced rates by the railroads serving the northern tier ports would violate section 3(1) of the act was

erroneous in that (1) we failed to give due weight to the interests of shippers, receivers, carriers, and inland communities; (2) we relied on a single subsidiary finding, namely, the distance disadvantage of the northern tier ports; and (3) while distance differences might be relevant insofar as they reflect differences in the cost and value of the services of the competing railroads, we failed to make such cost or value findings. The Supreme Court noted probable jurisdiction of our appeal in No. 925, October Term, 1961.

In the companion cases civil action Nos. 61 Civ. 2580 and 61 Civ. 2616, *New York Central R. Co. v. United States* and *Erie-Lackawanna R. Co. and The Port of New York Authority v. United States* (S.D.N.Y., June 27, 1962), a three-judge court remanded for further proceedings our order in *Iron Ore From Eastern Ports to Central Freight Association Points*, 314 I.C.C. 149 (1961), insofar as it found unlawful a reduction on rail rates on iron ore imported through New York which would have placed such rates on parity with rates applicable to Philadelphia and Baltimore. Our order was issued after reopened proceedings following *Baltimore & Ohio R. Co. v. United States*, 151 F. Supp. 258 (D. Md. 1957), and the *per curiam* opinion of the Supreme Court (355 U.S. 175). See our 72d Annual Report, page 129.

CONTRACT RATES

The Supreme Court affirmed, *per curiam*, the decision of a three-judge district court which upheld our order disapproving reduced rates under which the shipper must agree to transport at least 80 percent of his goods over the lines of the contracting carrier. *New York Central R. Co. v. United States*, 368 U.S. 349 (1962), affirming *per curiam* 194 F. Supp. 947 (S.D.N.Y. 1961), sustaining *Contract Rates, Rugs and Carpeting from Amsterdam, N.Y. to Chicago*, 313 I.C.C. 247 (1961). See our 75th Annual Report, page 174.

RELEASED RATES

In our 75th Annual Report, we stated that a notice of appeal to the Supreme Court had been filed from the decision in *Southern Railway Co. v. United States*, 194 F. Supp. 633 (E.D. Va. 1961), reversing Ex Parte No. MC-49, *Released Rate Rules—National Motor Freight Classification*, and Ex Parte No. 197, *Consolidated Freight Classification and Uniform Freight Classification*, 306 I.C.C. 495 (1959) and 309 I.C.C. 380 (1960). We had concluded that we were without statutory authority to permit rail and motor carriers to limit their liability on virtually all shipments by restricting the application of nearly all rates and ratings to shipments having a value of \$3 per pound, subject to other per-package or per-shipment limitations. On November 6, 1961, we voted not to appeal the district court's decision,

and to reopen the proceedings for reconsideration. Consequently, on December 5, 1961, the appeal to the Supreme Court was voluntarily dismissed by stipulation.

RATE BUREAUS

In *Malone Freight Lines, Inc. v. United States*, 204 F. Supp. 745 (N.D. Ala. 1962), sustaining *Floor Coverings or Related Articles from East to South*, 313 I.C.C. 530 (1961), in which we found reduced motor carrier rates not shown to be just and reasonable, the court held that we properly allowed a rate bureau to protest the independently published rates of one of its members. Another aspect of this case is discussed below under the heading "Procedure."

A three-judge district court held that plaintiffs, National Motor Freight Traffic Association, Inc., and Rocky Mountain Tariff Bureau, Inc., were without standing to obtain judicial review of our order in *Forwarder Volume Commodity Rates, Transcontinental*, 306 I.C.C. 535 (1959), 311 I.C.C. 773 (1960). Civil action No. 1694-60, *National Motor Freight Traffic Association v. United States* (D.D.C. May 10, 1962). On the assumption that its holding on the issue of standing may be incorrect, the court went on to consider the merits. The decision on the merits is discussed below under the heading "Freight Forwarder Rates." Plaintiffs have filed a notice of appeal to the Supreme Court.

FREIGHT FORWARDER RATES

In *Forwarder Volume Commodity Rates Between Chicago and New York*, 308 I.C.C. 455 (1959), 310 I.C.C. 199 (1960), we approved freight forwarder volume commodity rates, minima 10,000 to 30,000 pounds, which were at the same level as rates maintained for similar shipments by competing motor carriers. For the line-haul movement of their shipments, the forwarders intended to utilize railroad plan III trailer-on-flatcar service in which the forwarders would provide the loaded trailers and transport them to and from the rail loading ramps. We found that the forwarders are not prohibited from establishing rates subject to such minimum weights; that, under the rates at issue, the forwarders would, in the ordinary and usual course of their business, perform the services contemplated by the definition of the term "freight forwarder" in section 402(a) (5) of the act; that the forwarders are not prohibited by section 418 of the act from supplying the trailers for shipment under the rail plan III trailer-on-flatcar rates; and that the forwarder rates are compensatory, no lower than necessary to meet the motor carrier competition, and would not constitute destructive competition prohibited by the national transportation policy. Our findings were sustained in all respects in *Eastern Express, Inc. v. United States*, 198 F. Supp. 256 (S.D. Ind. 1961), affirmed *per curiam*, 369 U.S. 37 (1962).

Our approval of freight forwarder rate schedules providing for optional delivery of the shipments, either unloaded or in the boxcar, at the terminal of the forwarder or the consignee's place of business, the savings in delivery or delivery and unloading costs being reflected in the proposed reduced rates, was upheld in civil action No. 1694-60, *National Motor Freight Traffic Association v. United States* (D.D.C. May 10, 1962), sustaining *Forwarder Volume Commodity Rates, Transcontinental*, 306 I.C.C. 535 (1959), 311 I.C.C. 733 (1960). The court also agreed with us that the possibility that under the proposed reduced rates and the railroads' "marriage" rules, a shipment might move directly from the shipper to the consignee without the boxcar being routed via the forwarder's terminal for the consolidation of other shipments did not render the service other than that of a forwarder. Plaintiffs have filed a notice of appeal to the Supreme Court.

THROUGH ROUTES AND JOINT RATES

A three-judge district court in civil action No. 1811, *Atlantic Coast Line Railroad Co. v. United States* (M.D. Ga. April 18, 1962), sustained our decision in *Routing, Coal from Origins on Louisville & N. R.*, 313 I.C.C. 752 (1961). We issued our report and order following the earlier remand in *Southern Ry. Co. v. United States*, 167 F. Supp. 747 (M.D. Ga. 1958), and decided, in the remanded proceeding, that cancellation of certain circuitous routes by Southern Railway was consistent with the public interest. Plaintiffs have filed a notice of appeal to the Supreme Court.

FOURTH SECTION PROCEDURE

A three-judge district court dismissed for mootness an action by competing barge lines to set aside for lack of findings our Fourth Section Order No. 19059, *Grain and Grain Products from Illinois to the East*, granting to certain railroads temporary relief from the long-and-short-haul provisions of section 4(1) pending further order after hearing, and for a declaratory judgment that the issuance of such orders in such manner is beyond our powers. The court acted after the railroads had eliminated the fourth section departures and withdrawn their fourth section application. On appeal, the Supreme Court modified the lower court's order to provide for remand to us with direction to vacate and set aside order No. 19059 for mootness, and stated that, in view of our concession that our order was defective for lack of findings and our representation that we have amended our practice accordingly, a declaratory judgment should be withheld in the exercise of judicial discretion. *A. L. Mechling Barge Lines, Inc. v. United States*, 368 U.S. 324 (1961), opinion below, 188 F. Supp. 386 (E.D. Mo. 1960).

RACIAL DISCRIMINATION

A three-judge district court in *State of Georgia and the Public Service Commission of the State of Georgia v. United States*, 201 F. Supp. 813 (N.D. Ga. 1961), sustained the regulations adopted in *Discrimination in Operations of Interstate Motor Carriers of Passengers*, 86 M.C.C. 743 (1961), and codified as 49 CFR Part 180a. This decision affirms the regulations prohibiting interstate motor common carriers from utilizing segregated vehicles and terminals in interstate commerce. It also involves the first judicial interpretation of the scope of the reservation of State power over intrastate commerce under section 202(b) of the act, as well as an affirmance of our authority to issue regulations to implement the antidiscriminatory provisions of section 216(d) of the act. Plaintiffs have filed a notice of appeal to the Supreme Court.

CONTRACT CARRIERS

In *Interstate Commerce Commission v. J-T Transport Co., Inc.*, 368 U.S. 81 (1961), the Supreme Court affirmed the judgments of the district courts in *J-T Transport, Inc. v. United States*, 185 F. Supp. 838 (W.D. Mo. 1960), and *Reddish v. United States*, 188 F. Supp. 160 (W.D. Ark. 1960), setting aside our orders denying motor contract carrier authority in *J-T Transport Co., Inc., Extension—Indianapolis, Ind.*, embraced in *J-T Transport Co., Inc., Extension—Columbus, Ohio*, 79 M.C.C. 695 (1959), and in *E. L. Reddish Contract Carrier Application*, 81 M.C.C. 35 (1959). See our 75th Annual Report, page 177. The Court held that all of the five criteria in section 209(b) of the act must be considered without reinforcing any of them with a presumption; that the effect on protesting carriers of a grant of the application and the effect on shippers of a denial are factors to be weighed in determining where the public interest lies; that the adequacy of existing services is a factor to be considered and weighed against the "distinct need" of shipper for the new contract service; and that where, as in the *Reddish* application, the need of a shipper for lower rates offered by the applicant is asserted, it must be considered in determining the need for the new service.

UNAUTHORIZED MOTOR CARRIER OPERATIONS

The Supreme Court in *United States v. Drum*, 368 U.S. 370 (1962), reversed the judgment of the district court in *Drum v. United States*, 193 F. Supp. 275 (W.D. Okla. 1960), which had set aside our order in *Oklahoma Furniture Manufacturing Co., Investigation of Operations*, 79 M.C.C. 403 (1959), requiring certain owner-operators to cease and desist from engaging in operations found by us to constitute interstate transportation of property as contract carriers without ap-

propriate authority in violation of section 209(a) (1) of the act. See our 75th Annual Report, page 179. The court held that, under the facts of this case, our conclusion that the financial risks of the transportation involved had been shifted from the shipper to the owner-operators to an extent which rendered the sanctioning of the operation as private carriage a departure from the statutory design, was well within the range of responsibilities assigned to us by Congress.

In the first case involving a question of for-hire carriage to be decided after *United States v. Drum*, 368 U.S. 370 (1962), a three-judge district court upheld our determination that plaintiff's proposed operation, under which he would lease motor vehicles and furnish drivers, who would be his employees, to lessees for operations beyond the New York commercial zone, would constitute for-hire carriage for which appropriate authority is required. Civil action No. 4561-61, *John J. Casale, Inc. v. United States* (S.D.N.Y., April 19, 1962), sustaining *John J. Casale, Inc., Contract Carrier Application*, 86 M.C.C. 657 (1961). Plaintiff has filed a notice of appeal to the Supreme Court. The incidental economic benefits accruing to a person having a primary business other than transportation from the utilization of otherwise empty trucking equipment for the transportation for profit of buy-and-sell merchandise does not render such operations bona fide private carriage, the courts agreed in *Church Point Wholesale Beverage Co. v. United States*, 200 F. Supp. 508 (W.D. La. 1961), sustaining *Church Point Wholesale Beverage Co.—Investigation*, 82 M.C.C. 457 (1960), and in civil action No. 2669, *Cahaba Steel Co. v. United States* (S.D. Ala. January 17, 1962), sustaining *Cahaba Steel Company—Investigation of Operations*, 86 M.C.C. 759 (1961).

In *Kroblin Refrigerated Xpress, Inc. v. United States*, 197 F. Supp. 39 (N.D. Ia. 1961), a three-judge court sustained (1) our order in *Heuer Truck Lines, Inc.—Revocation of Certificate*, 66 M.C.C. 47 (1955), requiring the respondent and the plaintiff, as its successor-in-interest, to cease and desist from the transportation of "fresh meats" under the outstanding operating authority to transport "groceries;" and (2) our denials of the applications in docket No. MC-30844 (Sub-No. 25), *Allen E. Kroblin, Inc., Extension—Fresh Meats*, 81 M.C.C. 218 (1959), and embraced docket No. MC-30844 (Sub-No. 28), *Allen E. Kroblin, Inc., Extension—Mishawaka and Warsaw, Ind.*, on the basis of the applicant's unfitness as indicated by violations of the Motor Carrier Safety Regulations and by unauthorized operations.

DIVESTITURE UNDER SECTION 5(7)

In the first court test of the propriety and validity of an order for divestiture issued by us under section 5(7) of the act, a three-judge district court in *Gilbertville Trucking Co., Inc. v. United States*, 196

F. Supp. 351 (D. Mass. 1961), sustained our denial of the application in docket No. MC-F-6099, *L. Nelson & Sons Transp. Co.—Control and Merger—Gilbertville Trucking Co., Inc.*, 80 M.C.C. 257 (1959), and sustained our order in the embraced docket No. MC-F-6178, *L. Nelson & Sons Transp. Co.—Investigation of Control—Gilbertville Trucking Co., Inc.*, in which we found that control and management of the Nelson firm in a common interest with the Gilbertville firm had been effectuated and was continuing in violation of section 5(4) of the act, and required the termination of such unlawful control and management. Principal contentions of the plaintiffs, rejected by the court, were that we lacked the power to order one of the individual plaintiffs to divest himself of the stock of the Gilbertville firm, and that we were without power to deny the control and merger application because of the premature consummation of the proposed transaction. The plaintiffs appealed from the decision, and the Supreme Court noted probable jurisdiction in No. 542, October Term, 1961.

CONSOLIDATIONS

In civil action No. 9984, *Baggett Transportation Company v. United States* (N.D. Ala. May 28, 1962), a three-judge district court upheld our power to reopen a section 5 proceeding in which we authorized a purchase of operating rights (docket No. MC-F-6034, *Baggett Transportation Company Purchase—Hunt Freight Lines, Inc.*, 87 M.C.C. 235 (1961)), and to modify our order by the imposition of protective labor conditions after consummation of the transaction and the issuance of a certificate to the purchaser, where the applicants failed to comply with representations in the application respecting the protection of affected employees.

GRANDFATHER RIGHTS UNDER SECTION 7(c)

The Supreme Court affirmed, *per curiam*, the decision of a three-judge district court which upheld our determination that section 7(c) of the Transportation Act of 1958 conferred no "grandfather" rights for the past transportation of citrus juices, in bulk, in tank vehicles. *Milk Transport, Inc. v. United States*, 368 U.S. 5 (1961), affirming *per curiam* 190 F. Supp. 350 (D. Minn. 1960), sustaining docket No. 113255 (Sub-No. 8), *Milk Transport, Inc.*, "Grandfather" Application, and docket No. 113255 (Sub-No. 9), *Milk Transport, Inc.*, "Interim" Application. See our 75th Annual Report, page 178.

MOTOR CARRIER OPERATING AUTHORITY

In a 2 to 1 decision, a three-judge district court, in *Burlington Truck Lines, Inc. v. United States*, 194 F. Supp. 31 (S.D. Ill. 1961), upheld our order in *Nebraska Short Line Carriers, Inc.—Common Carrier Application*, 79 M.C.C. 599 (1959), granting a certificate to

the applicant authorizing it to engage in motor carrier operations of general commodities between Omaha and Chicago, and between Omaha and St. Louis. The applicant corporation was conceived and organized by a group of nonunion motor carriers in order to combat a boycott instituted against them by several unionized motor carriers pursuant to "hot cargo" clauses in contracts with their employees. The court recognized that when existing motor carriers, because of such boycotts, fail or refuse to interline traffic with nonunion carriers or to serve nonunion shippers, we are empowered to insure the provision of adequate motor carrier service through the grant of additional certificates to other motor carriers. The plaintiffs have taken an appeal, and probable jurisdiction has been noted by the Supreme Court in Nos. 336 and 337, October Term, 1961.

In *Maurice Robbins, ind. and t/a Robbins Motor Transportation v. United States*, 204 F. Supp. 78 (E.D. Pa. 1962), a three-judge district court sustained our decision denying Robbins a certificate to service the Westinghouse plant at Essington, Pa., in *Maurice Robbins Extension—Additional States*, 78 M.C.C. 805 (1959). The significance of this opinion is that (1) it is the first decision involving denial of a certificate to distinguish the *J-T Transport* case, 368 U.S. 81 (1961), discussed in this annual report; (2) it is the first decision to consider the validity of the "Red Book Plan" for interchange of equipment by heavy haul carriers; and (3) it broadly holds that, in the absence of complaint, we may properly rely on an association of carriers to provide adequate service although all member carriers are not parties to the proceeding.

INTERPRETATION OF MOTOR CARRIER RIGHTS

The Supreme Court, in *W. J. Dillner Transfer Co. v. United States*, 368 U.S. 6 (1961), affirmed, *per curiam*, the decision in *W. J. Dillner Transfer Co. v. United States*, 193 F. Supp. 823 (W.D. Pa. 1961), sustaining *W. J. Dillner Transfer Co.—Investigation of Operations*, 79 M.C.C. 335 (1959), in which we held that the aggregation of certain iron and steel articles and firebrick into lots of such size and weight that they can be loaded or unloaded only with special equipment does not place the transportation of such commodities within the scope of heavy haulers' authority. See our 75th Annual Report, page 178.

Our right, in interpreting a commodity description ("structural steel") contained in a motor carrier's operating authority, to rely upon an interpretation placed upon the same commodity description in an earlier case, viz, *Carroll Trucking Company, Interpretation of Certificate*, 62 M.C.C. 348 (1953), was upheld in *Laverne W. Simpson v. United States*, 369 U.S. 526 (1962), rehearing denied June 4, 1962, affirming *per curiam* 200 F. Supp. 372 (S.D. Ia. 1961), sustaining

Laverne W. Simpson—Investigation and Revocation, 84 M.C.C. 463 (1961).

WATER CARRIER AUTHORITY

Our grant of extension authority in *S. C. Loveland Company, Inc., Extension—Tampa, Fla.*, 313 I.C.C. 121 (1961), by which a water carrier of general commodities, operating on the entire Atlantic seaboard, was enabled for the first time to interchange traffic with other like carriers operating on the gulf coast and on the Mississippi Valley system, was sustained in *Atlantic Coast Line R. Co. v. United States*, 202 F. Supp. 456 (S.D. Fla. 1962). The principal contention of the two railroad plaintiffs, rejected by the court, was that the Commission must consider the matter of comparative rates of the applicant and protestants in every application proceeding.

RAIL ABANDONMENTS

Rejecting a contention by four plaintiff municipal corporations that railroad officials had promised in 1950 that an acquired railroad would never be abandoned (*Savannah & Atlanta Railway Co. Control*, 282 I.C.C. 39 (1951)), and that such promise estopped the railroads involved from later seeking our authorization to abandon a portion of the acquired railroad's line, a three-judge district court in civil action No. 1031, *Burke County, Ga. v. United States* (S.D. Ga. June 29, 1962), sustained that portion of our order in Finance Docket No. 20810, *Central of Georgia Railway Co., Abandonment*, which authorized the Savannah & Atlanta Railway Co. to abandon a 36-mile segment of its tracks, and operations thereover, between Waynesboro, Ga., and Sylvania, Ga. The court held that such promise of the railroad officials, if made, could not foreclose us from determining that the public convenience and necessity permitted the proposed abandonment. Plaintiffs have filed a notice of appeal to the Supreme Court.

DISCONTINUANCE OF PASSENGER SERVICE

In a 2-to-1 decision, a three-judge district court reversed our decision in which we dismissed a notice of passenger train continuance for lack of jurisdiction under section 13a(1) of the act on the ground that the trains involved operated wholly within the State of New Jersey. We further held that the fact that the railroad provided bus service between one of its New Jersey terminals and New York City did not bring the transportation within the terms of section 13a(1), which provides that it applies to the discontinuance "of the operation or service of any train or ferry operating from a point in one State to a point in any other State." *New York, Susquehanna & Western R. Co. v. United States*, 200 F. Supp. 860 (D.N.J. 1961), reversing Finance Docket No. 21417, *New York, Susquehanna and*

Western R. Co. Discontinuance of Passenger Service between New York, N.Y., and Butler, N.J. The court held that since the interstate transportation of passengers is accomplished by the combined facilities of the trains and the bus service which complements them, we had jurisdiction under section 13a(1). An appeal to the Supreme Court was taken by the State of New Jersey and the Board of Public Utilities Commissioners of New Jersey, codefendants with the United States and this Commission, and probable jurisdiction was noted in No. 937, October Term, 1961.

PROCEDURE

The Commission's revised procedures (Rule of Practice 1.101(a) (2) and (3)) delegating to a division, acting as an appellate division, the consideration and determination, with administrative finality, of a petition for reconsideration of an initial decision of the division in a proceeding in which no announcement has been made that an issue of general transportation importance is involved, were sustained in *Malone Freight Lines, Inc. v. United States*, 204 F. Supp. 745 (N.D. Ala. 1962), sustaining *Floor Coverings or Related Articles from East to South*, 313 I.C.C. 530 (1961).

In sustaining our order under section 13a(2) permitting the discontinuance of certain intrastate passenger trains, a three-judge court upheld our refusal to consider plaintiffs' petition for reconsideration, pursuant to our revised Rule of Practice 1.101(a) (2) and (3), which prohibited the filing of petitions for reconsideration of the action of a division upholding a hearing examiner's report unless we, on our own motion, announced that an issue of general transportation importance was involved. *City of Philadelphia v. United States*, 197 F. Supp. 832 (E.D. Pa. 1961), sustaining Finance Docket No. 21275, *Reading Company Discontinuance of Service between Philadelphia and Bethlehem, Pa.*

SPECIAL PERMISSION ORDERS

A three-judge district court dismissed the complaint filed in civil action No. 30848, *Keystone Brass & Rubber Co., Inc. v. United States*, (E.D. Pa. March 16, 1962), and sustained Special Permission Order No. 2817-M entered in connection with the tariffs of "constant charges" subsequently found lawful in *General Increases—Eastern Central Territory*, I. and S. Docket No. M-14704, decided June 14, 1962. In this first attempt to obtain judicial review of a special permission order, the court held that such an order, permitting the filing of master tariff supplements and other temporary waivers of the tariff publishing rules, is interlocutory and not reviewable.

LEGISLATION AND LEGISLATIVE ACTIVITIES

Our legislative activities during the past year included concentration on a number of measures of major importance to the Nation's transportation industry. Foremost among these were bills introduced to implement certain of the recommendations for legislative action contained in the President's special message on transportation to the Congress. The message dealt with some of the most troublesome and deep-rooted problems facing the industry and we affirmatively support its broad public objectives. Many of the areas touched on included matters upon which we, ourselves, have advocated enactment of remedial legislation.

Commission representatives attended and actively participated in the extensive hearings on these measures before the commerce committees of both the House and Senate. In our testimony on H.R. 11583 and S. 3243 we commented at length on the proposal to eliminate the Commission's power to prescribe minimum rates on the transportation of agricultural and bulk commodities. We expressed the view that equality of competitive opportunity among carriers of the various modes could best be achieved in the public interest by adoption of the President's alternative proposal that the water carrier bulk commodity exemption be repealed. We also suggested in this connection that the agricultural commodities exemption be limited to transportation by motor vehicles having not more than three axles. This approach, coupled with enactment of the President's proposal to authorize the Commission to enter into cooperative agreements with the States, would, in our view, provide an ideal combination for more effective enforcement of the law. More importantly, it would serve to reduce substantially the amount of traffic being diverted from authorized carriers without detracting from the original purpose of the statute of assisting the farmer and other producers of exempt commodities in getting their products to local markets.

In testifying on various other proposals in the President's message as set forth in companion bills H.R. 11584 and S. 3242, the Chairman of the Commission expressed our strong support of those provisions which would authorize the Commission to enter into cooperative enforcement agreements with the States, expand the civil forfeiture provisions in part II of the act, and declare, as a statement of policy, that through service and joint rates between modes of carriage should be encouraged and promoted in the national interest. We also favored,

in principle, those provisions relating to experimental rates and services and the simplification of rate structures. We either opposed or took no position on other provisions.

As in previous years, we were also greatly concerned with the problem of illegal for-hire and gray area transportation. It was with considerable interest, therefore, that we closely followed and actively participated in the hearings before the Senate Surface Transportation Subcommittee on S. 2560, which would strengthen the Commission's hand in dealing with this problem. We were particularly encouraged by the Senate's passage of this measure, the ultimate enactment of which would, among other things, facilitate service of process and the joining of necessary parties in motor carrier enforcement proceedings, as recommended in Legislative Recommendation No. 12 in our 75th Annual Report; augment the civil forfeiture provisions in part II of the act along the lines advocated in Legislative Recommendation No. 4 in the same report; and authorize us to enter into cooperative enforcement agreements with the States, as also recommended in the President's message.

During the past year much of our time and attention was also devoted to the extensive hearings before the Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee on S. 3097, which would curtail our authority to approve railroad consolidations and mergers. Being convinced that the public interest is adequately protected by existing law, and that the proposed curtailment of our authority could, in some instances, unreasonably delay desperately needed relief and possibly discourage other carriers from proceeding with plans for the kind of self-help they have been encouraged to seek, we strongly opposed enactment of this bill.

Other hearings in which we and members of our staff participated at the request of the various congressional committees related, in part, to such matters as problems of the softwood lumber producers in the Pacific Northwest, economic regulation of the Alaska Railroad, railroad freight rates to and from Alaska, Federal right of eminent domain for coal slurry pipelines, Canadian tourist transportation, amendments to the water carrier bulk commodity exemption, and appropriations. Altogether, we appeared and testified at 17 hearings during the 2d session of 87th Congress. The number of bills involved totaled 23. For both sessions the number of hearings in which we participated totaled 40, and the number of bills covered totaled 38.

Although only one new law was enacted last year as a result of our legislative proposals, we are encouraged by the progress made on several others. Public Law 87-595 (H.R. 11643), which gives effect to Legislative Recommendation No. 17 in our 75th Annual Report, authorizes the voluntary establishment of through routes and joint rates between motor and water common carriers subject to our jurisdiction

and common carriers by water subject to the jurisdiction of the Federal Maritime Commission on traffic moving between Alaska or Hawaii and the other States. This, in essence, provides a means of extending to users of motor-water services the benefits of joint rates similar to those now enjoyed by the users of rail-water services on such traffic.

Another measure which has received our strong support and which became law during the year was Public Law 87-508 (H.R. 11879) repealing, effective November 15, 1962, the excise tax on the transportation of persons by rail, motor, and water, and reducing the tax to 5 percent on air travel.

Other laws enacted during the last session relating to our jurisdiction and functions or affecting carriers subject to our jurisdiction include Public Law 87-805 (S. 320) which, in effect, restricts the future application of the second proviso in section 206(a)(1) of the act under which certain motor carriers operating within a single State may engage in interstate commerce without authority from this Commission; Public Law 87-707 (S. 319) exempting express companies from the long-and-short-haul provisions of section 4(1) of the act; Public Law 87-527 (S. 3025) amending the Federal law incorporating the Texas and Pacific Railway Co.; and Public Law 87-849 (H.R. 8140) which revises and strengthens existing statutes relating to bribery, graft, and conflicts of interest. Also enacted were Public Law 87-429 (H.J. Res. 441) authorizing and requesting the President to proclaim April 5, 1962, as Interstate Commerce Commission Day for the purpose of commemorating the Commission's 75th anniversary; Public Law 87-710 (H.R. 12526) increasing from 5 to 7 years the net operating loss carryover for certain regulated transportation companies; Public Law 87-870 (H.R. 12599) providing special rules for computing the taxable income of terminal railroad companies and their railroad shareholders; Public Laws 87-767 (H.J. Res. 693) granting congressional consent to amendments to the Washington Metropolitan Area Transit Compact; and Public Law 87-449 (H.J. Res. 628) authorizing the President to proclaim a certain week in May of each year as National Transportation Week.

Since submitting our last report, we responded to 52 requests from various congressional committees, subcommittees, and Members of Congress for comments on bills, resolutions, and other matters pending before them, making a total of 117 such responses made during the 87th Congress. At the request of the Bureau of the Budget, we also expressed our views on 4 bills, 8 draft bills, 13 enrolled bills, and several proposed Executive orders. In addition, we submitted 4 draft bills to the Congress, together with statements of justification, to implement certain recommendations in our last annual report.

Close coordination of our legislative activities was maintained throughout the year through the efforts of our congressional liaison

staff. Representing the Commission, as observers, members of the liaison staff were in attendance at the many different congressional hearings held on matters relating to our jurisdiction or functions, or which were of interest to the Commission. A close working relationship has been maintained, particularly with the staffs of the Senate and House commerce committees, thus enabling both the Commission and these committees to handle matters of mutual interest expeditiously. Similar liaison has been maintained with other committees before whom matters have arisen and in which we were able to be of assistance. Members of the liaison staff also conferred on numerous occasions with members of the industry and staff members of other departments and agencies. Also of importance during the year has been the great number of telephone inquiries received by the liaison staff from congressional and other sources in connection with legislation and other matters covering all aspects of our regulatory jurisdiction. The staff responded to approximately a thousand telephone inquiries during the year. The liaison activities have experienced a sharp growth in the last several years and it is our desire to continue providing adequate and efficient assistance in this important area.

LEGISLATIVE RECOMMENDATIONS

Our legislative recommendations below are accompanied by a brief explanation in order that the Members of the new Congress may have some insight as to their nature and purpose. As in the past, these recommendations will be implemented by the submission of draft legislation.

NEW RECOMMENDATION

1. We recommend that Congress amend the Standard Time Act for the reasons set forth in the "Standard Time Zones" chapter in this report, and if Congress does not see fit to so amend the statute, that we be relieved of the responsibility for its administration.

RECOMMENDATIONS RENEWED FROM PRIOR REPORT

2. We recommend that section 1(14) be amended to authorize the Commission to determine whether per diem charges for the use of railroad freight cars shall be computed on the basis of cost of ownership and maintenance, value of use, or upon such other basis or combination of bases as will, in its judgment, provide reasonable compensation to the owner, contribute to sound car service practices, and encourage the acquisition of an adequate national fleet of freight cars.

The Commission has for a number of years been greatly concerned with the diminishing supply of railroad freight cars and the critical shortages that have occurred during periods of peak loadings. Foremost among the factors contributing to these recurring shortages are an inadequate car ownership, a relatively high percentage of unserviceable or bad order cars, and the inefficient utilization of existing equipment.

Enactment of the recommended amendment would provide the carriers with an economic incentive to procure and maintain their fair share of a national car supply and substantially assist the Commission in its efforts to alleviate the crippling economic effects of freight car shortages.

Legislation designed to improve the freight-car supply situation has been recommended in our annual reports since 1955. Hearings on bills giving effect to these and similar proposals were held during the 84th, 85th, and 86th Congresses, and compromise companion measures, which would have given effect to the above-suggested amendments, were reported out by the Senate and House commerce committees during the latter Congress. These were reintroduced in the 87th Congress as S. 886, S. 1840, and H.R. 7342. Hearings were held on the Senate bills, but no further action was taken thereon.

3. We recommend that section 5(10) be amended so as to make gross operating revenue, instead of the number of vehicles owned or operated, the basis for determining whether a proposed unification or acquisition of control is exempt from the provisions of section 5.

At present, one of the tests for determining whether a proposed unification or acquisition of control involving only motor carriers is exempt from the provisions of section 5 is whether the aggregate number of motor vehicles owned, leased, controlled, or operated by the parties, for purposes of transportation subject to part II of the act, exceeds 20. This test has proved to be difficult in application as well as highly susceptible of evasion. The amount of time and effort consumed in applying the test has, in many instances, also been found to be disproportionate to the benefits intended by the exemption.

The proposed amendment would substitute a more definite and practical basis for the exemption, since gross operating revenues are, in most cases, readily ascertainable from reports required to be filed with the Commission.

This recommendation was first made in our annual report for 1957. Implementing legislation was introduced in the 85th and 86th Congresses, but no further action was taken thereon. Bills, S. 1285 and H.R. 5597, were also introduced in the Senate and House, respectively, at our request in the 87th Congress. No hearings were scheduled on these measures.

4. We recommend that section 19a be amended in the following respects: (1) to eliminate the requirement that the Commission determine the present value of land; (2) to eliminate the requirement that the Commission determine the valuation of property held by carriers for purposes other than for use in common carrier service; (3) to eliminate the requirement that the Commission ascertain and report the amount, value, and disposition of aids, gifts, grants, and donations and the amount and value of concessions and allowances made by carriers in consideration thereof; and (4) to make optional the requirement that the Commission keep itself informed of changes in the quantity of the property of carriers, following the completion of the original valuation of such property.

While determination of the present value of land was appropriate in finding original property valuations under an earlier concept which also gave consideration to the reproduction cost of property other than land, the determination of a rate base is not restricted to this or to any other single method. It is significant, in this connection, that the Commission, in later years, has seen fit in establishing a base for measuring rate of return, to use the original cost of property, except land, less depreciation thereon as shown by the books of account, plus estimated present value of land, plus an allowance for working capital.

There has been considerable latitude for a number of years with respect to what might properly be considered in arriving at a rate base, and the wide choice available to regulatory agencies in this connection has been recognized by the Supreme Court. In *Federal Power Commission v. Natural Gas Pipeline Co.*, 315 U.S. 586 (1942), the Court held that "The Constitution does not bind ratemaking bodies to the service of any single formula or combination of formulas. * * *" and in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 602 (1944), the Court amplified its opinion in the *Natural Gas Pipeline Co.* case by holding that "it is not the theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry under the Act is at an end. The fact that the method employed to reach that result may contain infirmities is not then important. * * *"

In the absence of a continuous need for present value of land data by the Commission, it is not in the public interest to spend huge sums of money to develop the information and keep it reasonably current as contemplated by present statutory requirement.

The Commission has made adequate provision for the proper accounting and financial reporting of noncarrier property, and the value of such property is not considered for valuation or ratemaking purposes. Therefore, there is no need to value noncarrier property as presently required by section 19a.

Concerning aids, gifts, grants, and donations, practically all property in this category is of record in the original valuations found by the Commission for railroads. The significance of this information has diminished over the years, and carriers have long since discontinued the granting of concessions in the form of land-grant rates in consideration of such gratuities.

It is a current requirement that carriers by railroad and by pipeline report annually the number of units of property added or retired during the year. This reporting requirement represents an unnecessary burden for the railroads since property units are not used in the development of rate bases, as they were when the railroads were originally valued.

The situation with respect to the reporting of units of property changes by pipeline carriers is unlike that of the railroads. The Commission finds property valuations for pipeline carriers each year. In this process, property units are used in the development of the cost of reproduction new, an element which is considered by the Commission in arriving at the rate base.

This recommendation was made for the first time in last year's annual report. Companion bills S. 3420 and H.R. 12249 were introduced in the Senate and House, respectively, at our request, to give effect thereto, but no further action was taken thereon.

5. We recommend that parts I, II, and III be amended to authorize the Commission, after investigation and hearing, when necessary and desirable in the public interest, to require the establishment of through routes and joint rates between motor common carriers of property and between those carriers and common carriers by rail, express, and water.

In recent years greater stress has been placed upon the importance of having a more coordinated national transportation system. Closely related to the accomplishment of this end is the establishment of through routes and joint rates within and between the various modes of carriage.

Because of gaps in the Commission's authority in this area, however, motor common carriers of property subject to part II may not be required to enter into joint-rate arrangements with each other or with common carriers of other modes. Likewise, carriers of other modes may not be required to establish such arrangements with motor carriers. Although the Commission may provide for through motor carrier service by granting extensions of operating rights to existing carriers, the granting of such extensions is not always desirable since it may result in a surplusage of carriers over certain routes. In many instances, therefore, the failure or refusal of the carriers voluntarily to enter into joint-rate arrangements is contrary to the public interest in the establishment of a coordinated surface transportation system.

Enactment of this recommended amendment would permit the Commission, in proper cases, to compel the establishment of dependable joint-line service responsive to the needs of the shipping public and, at the same time, protect the carriers from unfair or unreasonable demands to provide through service.

This recommendation was first made in last year's annual report and companion bills S. 3510 and H.R. 12362, which would have given effect thereto, were introduced at our request during the 87th Congress. No further action was taken thereon.

6. We recommend (a) that sections 203(b)(5) and 402(c) be amended to provide that agricultural cooperatives and shipper associations, respectively, shall be entitled to exempt status thereunder only upon application and proof of eligibility, and (b) that sections 220 and 412 be amended to permit the Commission or its duly authorized agents to inspect the books, records, and other documents kept or maintained by such cooperatives and associations.

Under section 203(b)(5), motor vehicles controlled and operated by agricultural cooperatives, or by a federation of such cooperatives, are exempt from economic regulation by the Commission provided the cooperatives meet certain qualifying criteria as defined in the Agricultural Marketing Act of 1929 (12 U.S.C. 1141). Similarly,

section 402(c) exempts from regulation the activities of shippers' associations which are consolidating or distributing freight for their members on a nonprofit basis to secure the benefits of volume rates.

The number of groups and organizations claiming exemption as agricultural cooperatives or shippers' associations under sections 203(b)(5) and 402(c), respectively, has grown considerably in the last 10-15 years, and the Commission is not equipped with adequate policing authority to weed out those not entitled to the exemption. As a consequence, these exemptions are being used by various groups and organizations as a guise to perform general transportation services and to divert substantial amounts of tonnage from regulated motor carriers and freight forwarders.

The recommended legislation would enable the Commission to cope more effectively with such unlawful operations by establishing a certification procedure whereby agricultural cooperatives and shippers' associations would have to prove their eligibility for exemption. Since the certificate issued would be revocable if the operations of the holder ceased to entitle him to an exempt status, future unlawful operations would be deterred. Enactment of this proposal, together with a grant of authority to inspect the books and records of such certificate holders, would constitute an important step toward correcting a difficult and growing problem.

This recommendation was included in our annual report for the first time last year. No bills were introduced to give effect thereto.

7. We recommend that section 203(b)(6) be amended so as to limit the application of the agricultural and other commodity exemptions to providing direct assistance to farmers, ranchers, and fishermen in the transportation of their products to local markets, and to provide appropriate grandfather rights for carriers now operating under the exemptions.

The exemptions in section 203(b)(6), in spite of the limitations placed thereon by the Transportation Act of 1958, still include many commodities that are rarely, if ever, hauled directly for farmers, fishermen, or other producers for whose benefit they were intended. As a result, these exemptions are continuing to be exploited by commercial interests without any provable benefit to such producers.

A product of this exploitation is the great diversion of exempt commodity traffic from regulated to private and exempt carriers. Authorized carriers are also losing important high-grade traffic, such as manufactured goods, to many private carriers who defray the cost of their operations by revenue backhauls available largely through the provisions of section 203(b)(6). Private carriage would not, in many instances, be financially feasible without such backhauls.

In addition, these exemptions serve as a breeding ground for schemes to avoid the obligations which must be assumed by for-hire carriers

subject to the Commission's jurisdiction. Such subterfuges as "buy-and-sell" or "equipment lease-driver service" arrangements are frequently employed by the exempt commodity hauler and the private carrier, seeking to squeeze out a small profit or to cover return trip expenses, in their attempts to circumvent regulation.

We are firmly of the view that it is essential to halt this erosion of the traffic of regulated carriers if the Nation's transportation system is to be preserved and strengthened. This, we feel, could be accomplished effectively by making the exemptions inapplicable to motor vehicles or combinations thereof having more than three axles. For movements of substantial distances, or of substantial weight, the economies of the situation would dictate the use of vehicles having more than three axles. The exemptions would, therefore, not apply. They would, however, continue to apply to the transportation of agricultural commodities or fishery products to local markets for the producer since this service is ordinarily performed by vehicles having three or less axles. Enactment of this proposed amendment would contribute substantially to lessening the erosion of the traffic of regulated carriers without derogating from the original purpose of section 203(b) (6) of assisting farmers and other producers of exempt commodities in getting their products to market.

This recommendation was included in last year's annual report. No bills were introduced to give effect thereto. Amendment of this section was previously suggested in our 69th, 70th, and 71st Annual Reports.

8. We recommend that sections 204a and 406a be amended to make common carriers by motor vehicle and freight forwarders, respectively, liable for the payment of damages in reparation awards to persons injured by them through violations of the act.

Prior to the decision of the Supreme Court in *T.I.M.E., Inc. v. United States*, 359 U.S. 464 (May 18, 1959), the Commission, upon petition, made determinations of the reasonableness of past motor carrier rates on the assumption that the petitioner was entitled to maintain an action in court for reparations based upon the unreasonableness of such rates. The Court ruled in that case, however, that a shipper by motor common carrier subject to part II cannot challenge in postshipment litigation the reasonableness of the carrier's past charges made in accordance with applicable tariffs filed with the Commission. As a result, such shippers have no redress either before the Commission or in the courts for the recovery of unlawful charges on past shipments. Since the pertinent provisions of part IV are similar to those in part II, shippers by freight forwarder find themselves in the same plight.

Inasmuch as the motor carrier industry has attained stature and stability as one of the chief agencies of public transportation, it seems appropriate that shippers should have the same rights of

recovery against motor carriers as they now have against rail and water carriers for violations of the act. Although the need for such remedial legislation has not been shown to be as pressing with respect to freight forwarders, it is logical and desirable to have the four parts of the act uniform in this respect.

This recommendation was made in our 74th Annual Report and was repeated last year. Implementing legislation was introduced, at our request, in the 87th Congress as S. 1283 and H.R. 5596, and a hearing was held on the House bill before a subcommittee of the House commerce committee. No further action, however, was taken on these measures.

9. We recommend that section 204(a)(3) be amended to make more definite the Commission's authority to prescribe regulations governing the safety of operations and equipment of private carriers of property by motor vehicle.

Under section 204(a)(3) of the act, the Commission is authorized to prescribe for private carriers of property by motor vehicle "reasonable requirements to promote safety of operation, and to that end prescribe qualifications and maximum hours of service of employees, and standards of equipment." Pursuant to these provisions the Commission has, since 1940, prescribed rules and regulations for safe operation of the equipment of such carriers. In *United States v. Pacific Powder Co.*, however, the U.S. District Court for the District of Oregon on August 25, 1960, dismissed all 191 counts of an information on the ground that the Commission has no authority under section 204(a)(3) to regulate private carriers except as to standards of equipment and qualifications and maximum hours of service of employees. The Department of Justice declined to appeal the decision.

If allowed to stand, this decision will have a serious adverse effect on almost every other aspect of safety regulation insofar as private carriers of property by motor vehicle are concerned. Under this decision, for example, such carriers would no longer be subject to the Commission's regulations respecting the safe loading, parking, and fueling of vehicles. It could also result in placing the Commission in the awkward position of being able to require certain standards of equipment, but of being unable to prescribe the manner of their use.

In view of the tremendous number of vehicles, including those of private carriers, on the Nation's highways, and the great incident of exposure to accidents, it is of utmost importance that it be made clear, by statute, that the Commission's regulations governing safety of operation of motor vehicles are applicable to private as well as to for-hire carriers.

This recommendation has been in our annual reports since 1960. Bills S. 1287 and H.R. 5598 were introduced, at our request, during the 87th Congress to give effect thereto, but no further action was taken thereon.

10. We recommend that section 212(a) be amended in the following respects: (1) to make motor carrier operating authorities subject to suspension, change, or revocation for willful failure to comply with any rule or regulation lawfully promulgated by the Commission; (2) to make the revocation procedure therein prescribed conform to the procedure provided in section 410(f) of the act by eliminating the term "willfully" in the first proviso; and (3) to provide that the Commission may, upon reasonable notice, suspend motor carrier operating authorities for failure to comply with insurance regulations issued by it pursuant to section 215 thereof.

The Commission's suspension and revocation authority under section 212(a) of the act extends, among other things, to violations of rules and regulations promulgated under part II. Although the Commission prescribes rules and regulations under authority of other laws, as, for example, the Transportation of Explosives Act, it has no authority to suspend or revoke a motor carrier's operating authority for willful or continued noncompliance with such other rules or regulations. Part (1) of the recommendation would close this gap in the Commission's enforcement powers.

Part (2) would make motor carrier operating rights revocable upon proof of disobedience to a compliance order. At present, disobedience of the compliance order must also have been willful before a carrier's authority may be revoked. Once disobedience of a compliance order has been established, an additional showing of willfulness should not be required. Proof of disobedience should be enough. The proposed change in the quantum of proof would make motor carrier operating rights revocable in the same manner as freight forwarder operating rights under section 410(f).

Part (3) would enable the Commission to suspend operating authorities of motor carriers and brokers, after notice but without hearing, for failure to file proof of cargo, public liability, and property damage insurance coverage. Under section 212(a) the Commission's present power to suspend such operating authorities without a hearing is limited to noncompliance with tariff publishing rules and brokerage bond regulations. The proposed change would bring section 212(a) into further conformity with section 410(f) of the act.

This has been an annual report recommendation since 1955. Legislation giving effect thereto was passed by the Senate during the 85th Congress, and a hearing on a companion measure was held in the House, but no report was issued. These were reintroduced, at our request, in the 86th Congress (S. 1803 and H.R. 7058) and in the 87th Congress (S. 1042 and H.R. 5593), but no further action was taken thereon.

11. We recommend that section 222(b) be amended to enable the Commission in enforcement proceedings to obtain service of

process upon motor carriers and to permit the joining of any other necessary party without regard to where the carrier or other party may be served.

Effective enforcement of the motor carrier provisions of the act frequently requires that the participating shipper be joined as a party defendant in an injunction proceeding. The Congress has authorized the Commission to institute proceedings to enjoin unlawful motor carrier operations or practices in the Federal district court of any district through which the carrier operates. Rule 4(f) of the Federal Rules of Civil Procedure, however, limits the service of process in such proceedings to the territorial limits of the State in which the court sits. Thus, we have been unable, in some cases, to obtain service upon both the carrier and the shipper because they were not located within the territorial limits of the same State.

Under the decision of the court in *Interstate Commerce Commission v. Blue Diamond Products Company*, 192 F. (2d) 43, we may not proceed against a shipper without proceeding against the carrier. We do not disagree with the principle of that case. It is our view, however, that the Commission should be able to institute a civil action against a carrier in any State in which it operates and to join in such action any shipper, or any other person participating in the violation, without regard to where the carrier or shipper, or such other person, may be served.

Enactment of the proposed amendment would be consistent with and in furtherance of the original intent of the Congress in enacting section 222(b), and would be of substantial assistance to the Commission in its enforcement efforts.

This recommendation has been included in our annual reports since 1958. Implementing legislation was introduced, at our request, in the 86th Congress, and was reintroduced, also at our request, as S. 1043 and H.R. 5594 in the 87th Congress, but no further action was taken on these measures. Section 2 of S. 2560, as passed by the Senate during the 87th Congress, however, would have implemented the proposed amendment.

12. We recommend that section 222(h) be amended so as to (a) extend the civil forfeiture provisions therein to unlawful operations and safety violations by motor carriers, (b) permit the Commission to institute forfeiture actions directly in the courts, and (c) increase substantially the amount of the forfeitures prescribed.

Procedures for dealing with certain motor carrier violations are, under existing law, often slow, cumbersome, and ineffective. Because criminal prosecutions, for example, must be brought in the district in which the violations occurred, it is sometimes necessary, in the case of multiple offenses by the same carrier, to institute separate actions in several district courts if all of the violations are to be covered.

Under the proposed amendment, however, a civil forfeiture action could be instituted for such violations in the district in which the carrier maintains its principal office, where it is authorized to operate, or where it can be found. In addition, the difference in the quantum of proof required in civil forfeiture proceedings would reduce the amount of time required for investigating violations.

In instituting presently available forfeiture actions, the Commission is required to proceed through the Department of Justice. The Commission's efforts at more effective and expeditious enforcement would also be greatly enhanced if it were authorized, as proposed, to institute forfeiture proceedings directly in the courts.

These amendments, coupled with a substantial increase in the amount of the forfeitures prescribed, would strengthen the Commission's hand considerably in combating the spread of illegal and so-called gray area operations and in obtaining compliance with our safety regulations.

This recommendation was first made in last year's annual report. Bills giving effect thereto were introduced, at our request, in the 87th Congress as S. 2764 and H.R. 10054. S. 2764 was the subject of a hearing before a subcommittee of the Senate Commerce Committee, but no further action was taken thereon. Section 3 of S. 2560, as passed by the Senate, would also have given substantial effect to this recommendation.

13. We recommend that part II of the act be amended to authorize the Commission, after opportunity for hearing, to deny, revoke, or suspend certificates, permits, licenses, or other operating authority under the Interstate Commerce Act, or to order divestiture of interest when such operating authority, a facility or instrumentality operated or employed in connection therewith, has been used to commit, or to aid and abet in the commission of, a felony, or, when applying for operating authority, perjury, or subornation of perjury, has been committed before the Commission, and the Commission finds that the director, officer, or person convicted of such crime has such an interest in the business that the conviction affects the fitness of the carrier or broker.

While we do not believe that the Commission should become the "keeper of the morals" of the transportation industry, it should, we feel, be in a position to lend its support to efforts to eradicate crime wherever it arises in the conduct of the transportation business. Existing statutory provisions are not, however, sufficiently broad to enable us to make such a contribution. The Commission has no power, for example, to suspend or revoke a carrier's operating authority solely on the ground that it is engaged in some undesirable or even criminal activity. It also has little choice but to issue operating authority to a carrier or broker if it is shown that the proposed service will meet a public need and that the applicant is fit, willing,

and able to perform the service. The question of fitness in such cases is restricted to matters relating to the performance of motor transportation, such as safety of operations, and does not include other activities or habits of the applicant.

Enactment of the proposed amendments would enable the Commission to consider the record of any crime committed by an applicant in the operation of its transportation business as a relevant factor bearing upon its fitness. The Commission's activity in this connection would be corollary to, and not in lieu of, action taken by a duly authorized law enforcement agency.

This recommendation was first made in our 74th Annual Report. Senate bill, S. 1590, was introduced at our request to give effect thereto but no further action was taken. No companion bill was introduced in the House.

14. We recommend that section 303(b) relating to the water-carrier bulk commodity exemption be repealed, but with provisions preserving the rights of those carriers presently engaged in such operations under the exemption.

Notwithstanding the substantial operations involved, domestic water transportation is, for the most part, exempt from economic regulation by the Commission. Section 303(b), for example, exempts from regulation the transportation of commodities in bulk when not more than three such commodities are carried in the same vessel or tow. It has been estimated that, as a result of this and other exemptions in part III of the act, only about 10 percent of the tonnage shipped in the domestic water trade is subject to regulation. With such a large segment of the water carrier industry completely unregulated, the regulated carriers are placed at a distinct competitive disadvantage. Such absence of regulation also encourages discriminatory practices against shippers and localities.

Enactment of the proposed amendment would provide a means of correcting these undesirable conditions, and, at the same time, accord the carriers of the various modes greater equality of treatment.

This proposed amendment was included in our annual reports for the first time in 1958. Bills to give effect thereto were introduced, at our request, during the 86th Congress, and were reintroduced as S. 1284 and H.R. 5595 during the 87th Congress. A hearing was held on H.R. 5595 on the House side, but no further action was taken on either measure.

15. We recommend that those provisions of part IV of the act relating to ownership, control, and operation of freight forwarders in common with carriers of other modes be revised and clarified, and, to this end, that future transactions involving such relationships be made subject to the provisions of section 5 of part I.

It is extremely difficult, if not at times impossible, for the Commission to reconcile the language in various provisions of part IV

concerning ownership, control, and operation of freight forwarders. For example, the provisions of sections 411(a) and 411(g), when taken together, lead to the following confusing results: a person who initially gains control of a common carrier can subsequently acquire control of a freight forwarder, but a person cannot first acquire control of a freight forwarder and then acquire control of a common carrier; a person who acquires control of a common carrier and a freight forwarder, in that order, cannot later acquire control of another common carrier, although the common carrier controlled by such person can acquire control of another common carrier.

We are of the view that if opportunity to engage in objectionable practices exists, it is a product of the common control of a carrier and a forwarder rather than the form whereby such common control is accomplished. Moreover, we believe that the uncertainty and confusion growing out of the provisions in question could best be removed by placing all acquisitions of control, mergers, consolidations, or unifications involving freight forwarders under section 5 of the act. Any provision of part IV inconsistent therewith would be repealed or revised, and appropriate provision would be made to preserve the legality of existing relationships.

This recommendation was first made in our 75th Annual Report. Implementing bills, S. 3509 and H.R. 12201, were introduced at our request during the 87th Congress. Hearings were held on H.R. 12201 which was reported out favorably by the House Committee on Interstate and Foreign Commerce, and hearings were also held by the Senate Commerce Committee on S. 3509, but no further action was taken with respect to either bill.

16. We recommend, in view of the prohibitions in section 1001 of title 18, United States Code, that the Interstate Commerce Act and various related acts be amended to eliminate the mandatory requirement that certain reports, applications, and complaints be filed with the Commission under oath, and that such oath provisions be made discretionary with the Commission.

Provisions in a number of laws administered by the Commission require that certain reports, applications and complaints be filed under oath. By contrast, other provisions of these laws, applicable to similar filings, either contain no oath requirement or leave such requirement to the discretion of the Commission. An oath is mandatory, for example, with respect to the filing of complaints involving rates of motor contract carriers and water common and contract carriers, but no such requirement is imposed with respect to complaints against the rates of other carriers subject to our jurisdiction.

Mandatory oath requirements are, in our opinion, both unnecessary and burdensome. Section 35 of the Criminal Code, 18 U.S.C., sec. 1001, prescribes penalties of fines and imprisonment for knowingly making false statements to Federal administrative agencies. These provisions have been construed to apply to the giving of false infor-

mation even though not under oath. Penalties for the intentional making of such statements are also provided for in section 20(7) (b) and comparable provisions in other parts of the Interstate Commerce Act. These prohibitions afford ample protection against possible abuses.

Elimination of the mandatory oath requirements would relieve the carriers of a burden without impairing the Commission's functions, and would remove a source of delays and inconveniences caused by inadvertent omissions of the oath. The proposed retention of discretionary authority would enable the Commission to require an oath should the need therefor arise.

This recommendation was previously made in the 74th and 75th Annual Reports. At our request, bills S. 2037 and H.R. 7458 were introduced to give effect thereto, but no further action was taken thereon.

RUPERT L. MURPHY, *Chairman*.

LAURENCE K. WALRATH, *Vice Chairman*.

HOWARD G. FREAS.

KENNETH H. TUGGLE.

EVERETT HUTCHINSON.

DONALD P. MCPHERSON.

ABE MCGREGOR GOFF.

CHARLES A. WEBB.

CLYDE E. HERRING.

JOHN W. BUSH.

WILLIAM H. TUCKER.

APPENDIX A

STATISTICS OF RAILROAD DEVELOPMENT FROM ANNUAL REPORTS OF CARRIERS

Data for years preceding 1951 for most of the tables appear in prior reports

TABLE I.—*Mileage operated and mileage owned by railroads in the United States, 1951-61*

Year ended Dec. 31—	Road owned in the United States ¹ (first main track)	Total miles of all tracks operated, excluding trackage rights ²	Mileage operated by classes I and II line-haul railroads (including trackage rights)			
			First main track	Second or additional main tracks	Yard track and sidings	All tracks
1951.....	223, 427	374, 852	236, 476	40, 157	119, 198	395, 831
1952.....	222, 508	373, 571	235, 545	39, 977	119, 109	394, 631
1953.....	221, 758	372, 584	234, 959	39, 794	118, 283	393, 736
1954.....	221, 098	371, 339	234, 342	39, 520	118, 718	392, 580
1955.....	220, 670	369, 401	233, 955	38, 825	118, 185	390, 965
1956.....	220, 221	368, 020	233, 509	37, 908	118, 251	389, 668
1957.....	219, 067	365, 915	232, 177	37, 123	117, 678	386, 978
1958.....	218, 399	364, 353	231, 494	36, 448	117, 322	385, 264
1959.....	217, 565	362, 506	230, 930	35, 746	117, 236	383, 912
1960.....	217, 552	360, 566	230, 169	34, 800	116, 776	381, 745
1961.....	216, 445	357, 917	229, 369	33, 853	116, 193	379, 415

¹ Includes mileage of some small companies that do not make annual reports to the Commission.

² Includes mileage of classes I and II line-haul railroads and switching and terminal companies.

TABLE II.—*Equipment of railroads, including switching and terminal companies, in service at the close of each year, 1951-61* ¹

Year ended Dec. 31—	Locomotives							
	Steam		Electric		Diesel		Other	
	Number	Average tractive effort ²	Number	Average tractive effort ²	Number	Average tractive effort ²	Number	Average tractive effort ²
		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>
1951.....	22, 590	58, 476	817	60, 037	19, 014	58, 202	52	19, 687
1952.....	16, 738	59, 966	791	60, 415	22, 118	58, 918	52	³ 59, 176
1953.....	12, 274	61, 339	713	62, 060	24, 209	59, 393	55	³ 77, 150
1954.....	9, 041	63, 152	669	62, 605	25, 256	59, 692	67	³ 108, 114
1955.....	6, 266	65, 005	639	64, 577	26, 563	63, 644	34	³ 111, 353
1956.....	3, 918	68, 745	616	64, 198	28, 001	60, 489	58	³ 117, 031
1957.....	2, 608	72, 030	597	65, 696	29, 137	60, 479	49	³ 117, 567
1958.....	1, 488	73, 692	562	66, 914	29, 515	60, 593	51	³ 135, 875
1959.....	871	73, 298	517	71, 221	30, 097	60, 911	54	³ 156, 297
1960.....	374	76, 920	498	64, 102	30, 240	61, 122	66	³ 169, 592
1961.....	210	77, 651	484	66, 539	30, 123	61, 829	72	³ 174, 732

See footnotes at end of table.

TABLE II.—*Equipment of railroads, including switching and terminal companies, in service at the close of each year, 1951-61*¹—Continued

Year ended Dec. 31—	Cars					
	Freight cars (excluding caboose)		Passenger train	Coaches		
	Number	Average capacity ²	Number	Number	Average seating capacity ²	Number air-conditioned ²
		<i>Tons</i>				
1951.....	1,777,878	52.9	36,326	15,856	76	7,389
1952.....	1,783,352	53.2	34,942	14,957	74	7,356
1953.....	1,801,874	53.5	34,106	14,460	74	7,427
1954.....	1,761,386	53.7	33,035	14,210	74	7,689
1955.....	1,723,747	53.7	32,182	13,543	75	7,378
1956.....	1,738,631	54.0	30,817	12,867	75	7,414
1957.....	1,777,557	54.5	29,564	12,328	75	7,295
1958.....	1,755,775	54.8	28,999	11,934	76	7,118
1959.....	1,708,116	55.0	27,419	11,121	76	6,751
1960.....	1,690,396	55.4	25,746	10,287	76	6,316
1961.....	1,635,342	55.7	24,433	9,840	76	6,053

¹ Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1961 privately owned freight carrying cars numbered 269,926 and cars owned or leased by the Pullman Co., 2,351.

² Class I railroads.

³ Includes gas turbine electric locomotives having average tractive effort as follows: 1952, 6 locomotives of 138,000 pounds; 1953, 10 locomotives of 137,900 pounds; 1954 through 1957, 25 locomotives of 137,920 pounds; 1958, 29 locomotives of 147,931 pounds; 1959, 36 locomotives of 160,111 pounds; 1960, 48 locomotives of 172,729 pounds; 1961, 55 locomotives of 177,564 pounds.

TABLE III.—*Shareholders' equity and long-term debt, 1951-61: Class I line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Shareholders' equity					Total long-term debt ¹	Total equity and debt	Ratio of debt to total equity and debt
	Total	Common stock	Preferred stock	Capital surplus	Retained income			
	<i>Thou-</i> <i>sands</i>	<i>Thou-</i> <i>sands</i>	<i>Thou-</i> <i>sands</i>	<i>Thou-</i> <i>sands</i>	<i>Thou-</i> <i>sands</i>	<i>Thou-</i> <i>sands</i>	<i>Thou-</i> <i>sands</i>	<i>Percent</i>
1951.....	\$16,602,472	\$7,093,439	\$1,963,978	\$287,805	\$7,257,250	\$9,942,355	\$26,544,827	37.45
1952.....	17,091,459	7,105,639	1,942,964	283,107	7,759,749	10,082,143	27,173,602	37.10
1953.....	17,469,719	6,890,010	1,857,735	318,194	8,403,780	10,016,006	27,485,725	36.44
1954.....	17,584,070	7,187,290	1,521,179	319,445	8,556,156	9,893,291	27,477,361	36.01
1955.....	17,879,591	7,213,028	1,300,596	433,058	8,932,909	9,910,592	27,790,183	35.66
1956.....	18,080,027	6,744,889	1,382,058	721,113	9,231,967	9,989,378	28,069,405	35.59
1957.....	18,306,144	6,138,281	1,356,468	1,250,820	9,560,575	10,139,252	28,445,396	35.64
1958.....	18,369,390	6,086,580	1,253,146	1,300,608	9,729,056	10,080,345	28,449,735	35.43
1959.....	18,504,534	6,076,283	1,234,569	1,294,674	9,899,008	9,865,743	28,370,277	34.77
1960.....	18,527,246	6,028,793	1,206,710	1,327,193	9,964,550	9,700,783	28,228,029	34.37
1961.....	18,462,947	5,370,943	1,200,985	1,909,967	9,981,052	9,542,193	28,005,140	34.07

¹ Excludes amounts payable to affiliated companies.

TABLE IV.—*Dividends, 1951-61: Line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Proportion of stock-paying dividends ¹	Amounts of dividends ¹	Average rate on —		Dividends declared ²	
			Dividend-paying stock ¹	All stock	On preferred stock	On common stock
	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>	<i>Percent</i>		
1951.....	72.74	\$373,574	5.58	4.06	\$87,900,473	\$240,577,360
1952.....	73.23	394,042	5.85	4.28	75,376,804	262,688,453
1953.....	81.57	445,145	6.14	5.01	77,974,384	334,089,068
1954.....	74.82	405,410	6.13	4.58	72,738,779	306,605,209
1955.....	84.39	476,748	6.53	5.51	70,768,164	377,450,539
1956.....	81.69	487,905	7.19	5.87	46,239,794	415,468,274
1957.....	84.41	466,415	7.21	6.09	46,500,614	391,889,328
1958.....	70.45	444,982	8.41	5.93	42,258,920	376,506,263
1959.....	76.89	431,860	7.51	5.77	40,996,988	364,643,640
1960.....	75.88	411,650	7.33	5.56	36,454,767	349,040,714
1961.....	64.74	385,017	8.83	5.71	31,259,322	328,192,149

¹ Includes figures for lessors and operating railroads without excluding duplications on account of inter-corporate payments. Stock dividends for the last 11 years have been as follows: \$767,537 in 1952, \$26,035,890 in 1953, \$5,000,000 in 1954, \$2,130,100 in 1955, \$22,038,223 in 1956, \$635,174 in 1957, \$46,282,730 in 1958, \$2,402,789 in 1959, of which \$65,364 was credited to "Capital Surplus" for amount in excess of par value of stock dividends declared; \$2,329 in 1960; and \$1,890,200 in 1961.

² By class I line-haul railroads.

TABLE V.—*Reported property investment and selected income items, 1951-61: Line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Investment ¹	Investment per mile of road	Depreciation reserve ²	Net railway operating income ³	Other income ⁴	Fixed charges and other deductions ⁵	Net income
	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1951.....	⁶ \$31,077,781	\$139,332	\$6,837,120	\$956,699	\$253,758	\$506,538	\$757,934
1952.....	⁶ 31,822,114	143,238	6,926,771	1,091,657	269,614	525,746	900,472
1953.....	⁶ 32,416,389	146,414	7,009,758	1,122,512	290,116	498,995	939,887
1954.....	⁶ 32,709,615	148,183	7,175,101	887,816	257,364	452,958	712,252
1955.....	⁶ 33,034,952	149,950	7,313,951	1,144,347	250,503	453,918	958,849
1956.....	⁶ 33,714,159	153,303	7,542,856	1,083,708	259,677	451,169	908,416
1957.....	⁶ 34,614,517	158,255	7,800,925	934,645	277,634	460,730	765,227
1958.....	⁶ 34,934,471	160,179	8,043,497	772,898	323,153	482,439	630,033
1959.....	⁶ 35,157,554	161,834	8,295,563	760,140	306,732	475,575	607,924
1960.....	⁶ 35,513,351	163,885	8,532,411	594,618	338,466	475,520	473,175
1961.....	⁶ 35,541,973	164,842	8,792,724	547,045	312,524	464,552	410,140

¹ Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

² Includes amortization of defense projects.

³ Classes I and II line-haul railroads.

⁴ Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Transport Statistics in the United States, table 109. Figures represent classes I and II line-haul railroads.

⁵ The interest included represents accruals, not payments. In 1961, the interest payments on unmaturing funded debt and long-term debt in default in excess of accruals was \$11,721,765 for class I railroads. Figures represent classes I and II line-haul railroads.

⁶ Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment and other items on a net system basis:

Year	Lessor companies	Proprietary companies	Year	Lessor companies	Proprietary companies
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>
1951.....	\$3,258,907	\$617,846	1957.....	\$2,335,220	\$500,539
1952.....	3,173,506	594,910	1958.....	2,238,968	501,004
1953.....	2,289,043	551,485	1959.....	2,194,123	512,011
1954.....	2,273,924	522,611	1960.....	2,171,069	510,363
1955.....	2,243,939	521,665	1961.....	2,102,273	502,164
1956.....	2,234,533	506,107			

TABLE VI.—*Selected balance sheet items, 1951-61: Class I line-haul railroads and their lessor subsidiaries*

Year ended Dec. 31—	Current assets	Net invest- ment in trans- portation property	All other assets	Current liabilities ¹	Long-term debt	All other liabilities	Share- holders' equity
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1951.....	\$3,739,895	\$23,305,781	\$4,075,401	\$2,284,249	\$10,985,990	\$1,248,365	\$16,602,473
1952.....	3,844,904	23,996,214	3,858,193	2,300,046	11,107,148	1,200,657	17,091,460
1953.....	3,673,098	24,545,352	3,433,061	2,191,795	10,870,601	1,119,395	17,469,720
1954.....	3,346,911	24,702,048	3,278,552	1,805,377	10,744,715	1,193,348	17,584,071
1955.....	3,790,710	24,883,508	3,289,814	2,151,157	10,741,077	1,192,206	17,879,592
1956.....	3,575,204	25,285,612	3,262,526	2,130,785	10,801,320	1,111,210	18,080,027
1957.....	3,221,842	25,928,467	3,182,141	1,928,844	10,977,187	1,120,275	18,306,144
1958.....	3,147,256	26,012,615	3,015,483	2,129,840	10,614,720	1,061,404	18,369,390
1959.....	3,154,043	25,967,635	3,110,464	2,260,406	10,386,430	1,080,772	18,504,534
1960.....	2,939,773	26,098,028	3,089,336	2,259,987	10,244,727	1,095,178	18,527,245
1961.....	3,004,927	25,878,373	2,965,344	2,396,721	10,072,311	916,665	18,462,947

¹ Includes long-term debt due within 1 year in 1958-61. This item included in long-term debt in prior years.

TABLE VII.—*Operating revenues, operating expenses, and taxes: Class I line-haul railroads, 1951-61*

Year ended Dec. 31—	Operating revenues	Freight revenues	Passenger revenues	Operating expenses	Railway tax accruals ¹			Ratio of total operating expenses to total operating revenues
					U.S. Govern- ment taxes	Other than U.S. Govern- ment taxes	Total	
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1951.....	\$10,390,611	\$8,634,101	\$900,310	\$8,041,277	\$858,106	\$347,646	\$1,205,752	77.39
1952.....	10,580,762	8,788,635	906,185	8,052,518	908,729	355,535	1,264,264	76.11
1953.....	10,664,169	8,950,522	841,962	8,135,229	824,704	362,722	1,187,426	76.29
1954.....	9,370,826	7,797,885	767,283	7,384,499	500,788	361,801	862,589	78.80
1955.....	10,106,330	8,538,286	742,945	7,646,418	702,765	379,602	1,082,367	75.66
1956.....	10,550,943	8,931,423	756,582	8,108,353	730,619	392,910	1,123,529	76.85
1957.....	10,491,390	8,928,511	735,339	8,227,522	666,171	404,246	1,070,417	78.42
1958.....	9,564,568	8,070,826	675,296	7,543,842	560,564	398,269	958,833	78.87
1959.....	9,825,060	8,312,181	651,168	7,704,815	644,889	404,322	1,049,211	78.42
1960.....	9,514,294	8,025,423	640,268	7,565,336	600,610	400,231	1,000,841	79.52
1961.....	9,189,138	7,739,044	624,688	7,274,260	609,723	382,943	992,666	79.16

¹ Includes lessor companies.

TABLE VIII.—*Net railway operating income, net income, and rates of return, class I line-haul railroads, 1951-61*

Year ended Dec. 31—	Elements of value after depreciation and amortization, end of preceding year	Net railway operating income, cur- rent year	Ratio of net railway oper- ating income to elements of value	Shareholders' equity	Net income	Ratio of net income to shareholders' equity
	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1951.....	\$22,677,973	\$942,696	4.16	\$14,867,836	\$693,176	4.66
1952.....	23,735,874	1,078,455	4.54	15,376,024	825,396	5.37
1953.....	24,360,748	1,109,434	4.55	16,236,952	903,227	5.56
1954.....	24,893,120	874,092	3.51	16,359,168	681,690	4.17
1955.....	24,849,863	1,128,082	4.54	16,657,939	927,122	5.57
1956.....	25,020,645	1,068,344	4.27	16,861,286	876,333	5.20
1957.....	25,517,763	923,285	3.62	17,102,896	737,431	4.31
1958.....	26,193,911	761,773	2.91	17,142,266	601,737	3.51
1959.....	26,190,059	749,476	2.86	17,291,787	577,719	3.34
1960.....	26,247,426	584,016	2.23	17,312,733	444,640	2.57
1961.....	26,396,665	537,771	2.04	17,283,908	382,444	2.21

Note: Ratios of net railway operating income to elements of value are from *Transport Economics* and predecessor publications. Elements of value are from Bureau of Accounts annual publication "Elements of Value of Property Used in Common Carrier Service."

TABLE IX.—*Number and compensation of employees: Class I line-haul railroads, 1951-61*

Year ended Dec. 31—	Average number of employees during year ¹	Total hours paid for	Compensation of railroad employees ²			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		<i>Thousands</i>	<i>Thousands</i>		<i>Percent</i>	<i>Percent</i>
1951.....	1, 275, 744	2, 978, 870	\$5, 272, 975	\$1. 770	50. 75	65. 57
1952.....	1, 226, 421	2, 845, 217	5, 326, 804	1. 872	50. 34	66. 15
1953.....	1, 205, 966	2, 777, 235	5, 324, 951	1. 917	49. 93	65. 46
1954.....	1, 064, 337	2, 467, 515	4, 853, 660	1. 967	51. 80	65. 73
1955.....	1, 057, 866	2, 502, 608	4, 992, 235	1. 995	49. 40	65. 29
1956.....	1, 043, 447	2, 466, 176	5, 324, 672	2. 159	50. 47	65. 67
1957.....	984, 974	2, 314, 973	5, 358, 049	2. 315	51. 07	65. 12
1958.....	840, 580	1, 980, 557	4, 929, 906	2. 489	51. 54	65. 35
1959.....	815, 509	1, 924, 500	4, 986, 251	2. 591	50. 75	64. 72
1960.....	780, 971	1, 840, 615	4, 893, 622	2. 659	51. 43	64. 68
1961.....	715, 985	1, 698, 704	4, 623, 981	2. 722	50. 32	63. 57

¹ This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.

² In 1961, \$4,424,741,108, or 95.69 percent of the reported compensation was chargeable to operating expenses.

TABLE X.—*Freight transportation service performed by line-haul railroads, 1951-61*

Year ended Dec. 31—	Revenue tons orig- inated	Revenue tons carried 1 mile	Loaded car miles	Average haul		Average amount received for each ton orig- inated	Revenue per ton- mile
				United States as a system	For the individual road		
	<i>Thousands</i>	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>	<i>Miles</i>		<i>Cents</i>
1951.....	1, 547, 238	649, 831	20, 709	419. 99	220. 97	\$5. 660	1. 348
1952.....	1, 447, 410	617, 941	19, 919	426. 93	223. 11	6. 159	1. 443
1953.....	1, 447, 655	608, 964	19, 863	420. 66	221. 36	6. 271	1. 491
1954.....	1, 279, 267	552, 197	18, 239	431. 65	227. 81	6. 187	1. 433
1955.....	1, 455, 625	626, 892	20, 226	430. 67	227. 88	5. 953	1. 382
1956.....	1, 521, 163	651, 188	20, 364	428. 09	228. 02	5. 975	1. 396
1957.....	1, 449, 007	621, 907	19, 183	429. 20	230. 77	6. 255	1. 457
1958.....	1, 247, 407	554, 534	17, 273	444. 55	239. 30	6. 568	1. 477
1959.....	1, 292, 581	578, 637	17, 905	447. 66	239. 36	6. 531	1. 459
1960.....	1, 301, 303	575, 360	17, 379	442. 14	238. 83	6. 264	1. 417
1961.....	1, 252, 868	566, 295	16, 753	452. 00	244. 56	6. 273	1. 388

TABLE XI.—*Carload, trainload, and density of traffic: Class I line-haul railroads, 1951-61*

Year ended Dec. 31—	Ton-mile revenue and nonrevenue freight per loaded freight-car-mile	Revenue ton-miles per train-mile	Passenger-miles per car-mile	Passenger-miles per train-mile	Revenue ton-miles per mile of road	Passenger-miles per mile of road
1951.....	32. 87	1, 238	18	97	2, 860, 589	156, 771
1952.....	32. 42	1, 236	18	99	2, 722, 052	154, 299
1953.....	31. 97	1, 243	18	95	2, 687, 176	143, 889
1954.....	31. 26	1, 240	17	92	2, 440, 924	133, 993
1955.....	31. 97	1, 322	18	95	2, 773, 638	131, 272
1956.....	32. 83	1, 375	18	97	2, 893, 286	130, 454
1957.....	33. 29	1, 396	18	94	2, 776, 983	120, 456
1958.....	32. 89	1, 388	19	94	2, 486, 153	109, 152
1959.....	33. 08	1, 401	19	98	2, 602, 794	103, 658
1960.....	33. 86	1, 426	19	102	2, 592, 653	100, 761
1961.....	34. 53	1, 469	20	102	2, 552, 143	96, 139

TABLE XII.—*Passenger transportation service performed by line-haul railroads, 1951-61*

Year ended Dec. 31—	Passengers carried	Passenger- miles	Average journey per passenger ¹	Average receipts per passenger	Revenue per passenger- mile
	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>		<i>Cents</i>
1951.....	485	34,640	71.35	\$1.856	2.601
1952.....	471	34,033	72.26	1.925	2.665
1953.....	458	31,679	69.13	1.839	2.660
1954.....	441	29,310	66.50	1.742	2.620
1955.....	433	28,548	65.88	1.716	2.605
1956.....	430	28,216	65.62	1.762	2.685
1957.....	413	25,914	62.80	1.785	2.842
1958.....	382	23,295	61.04	1.772	2.903
1959.....	354	22,075	62.42	1.845	2.955
1960.....	327	21,284	65.05	1.961	3.014
1961.....	318	20,308	63.79	1.966	3.082

¹ This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE XIII.—*Fuel consumed by motive-power units, and rails and ties laid: Class I line-haul railroads, 1951-61*

Year ended Dec. 31—	Bituminous coal (net tons)	Anthra- cite coal (net tons)	Fuel oil (thou- sands of gallons)	Diesel oil (thou- sands of gallons)	Electric- ity (thou- sands of kilowatt- hours)	Rails ap- plied in replace- ment and better- ment (all tracks) (tons) ¹	Ties laid in previously constructed tracks	
							Crossties (numbers)	Switch and bridge ties (feet (b.m.))
1951.....	48,310,890	6,721	2,044,300	2,267,675	2,286,823	2,058,897	29,061,560	92,798,640
1952.....	32,884,858	388	1,505,068	2,653,579	2,237,481	1,835,090	30,331,899	96,917,440
1953.....	23,402,084	78	995,199	2,980,008	2,135,968	2,057,492	29,808,949	99,791,974
1954.....	12,701,746	49	466,780	3,121,244	2,044,607	1,710,740	23,173,611	85,346,254
1955.....	11,427,313	-----	375,580	3,393,103	2,082,350	1,890,002	24,149,169	79,098,327
1956.....	8,581,869	-----	191,426	3,565,919	2,091,478	1,731,234	23,646,332	74,099,682
1957.....	4,866,161	37	89,300	3,535,849	2,024,608	1,592,124	22,082,225	71,582,096
1958.....	1,150,102	-----	67,172	3,381,838	1,805,676	920,780	16,029,558	54,985,488
1959.....	300,216	-----	81,776	3,483,959	1,748,480	1,011,745	16,423,307	54,378,386
1960.....	39,307	-----	89,270	3,471,781	1,641,243	914,733	14,318,721	49,902,467
1961.....	9,394	-----	93,570	3,382,015	1,625,397	758,269	12,019,255	50,187,247

¹ Tons of 2,240 pounds prior to 1955; tons of 2,000 pounds subsequent years.

APPENDIX B

STATISTICS FROM MONTHLY AND OTHER PERIODICAL REPORTS OF CARRIERS

TABLE A.—*Selected data and analysis of operating revenues, expenses, and income class I line-haul railroads, 1960-61 and first 6 months of 1961 and 1962*

Item	Calendar year		First 6 months	
	1960 ¹	1961	1961 ¹	1962
Operating revenues:	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Freight.....	\$8,028,491	\$7,738,556	\$3,725,358	\$3,999,886
Passenger.....	640,268	624,689	304,413	301,779
Mail.....	331,378	341,697	161,932	164,139
Express.....	100,146	83,019	39,344	39,442
All other.....	416,965	401,161	186,423	198,404
Total.....	9,517,248	9,189,122	4,417,470	4,703,650
Percent of total:				
Freight.....	84.36	84.21	84.33	85.04
Passenger.....	6.73	6.80	6.89	6.41
Mail.....	3.48	3.72	3.67	3.49
Express.....	1.05	.90	.89	.84
All other.....	4.38	4.37	4.22	4.22
Operating expenses:	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Maintenance of way and structures.....	\$1,191,845	\$1,117,686	\$549,006	\$580,374
Maintenance of equipment.....	1,759,612	1,683,363	833,355	883,886
Traffic.....	258,432	247,246	125,820	126,059
Transportation.....	3,833,221	3,710,832	1,829,793	1,868,136
General.....	440,884	438,017	218,415	217,527
All other.....	82,060	77,122	38,166	37,508
Total.....	7,566,054	7,274,266	3,594,535	3,713,490
Percent of total:				
Maintenance of way and structures.....	15.75	15.37	15.27	15.63
Maintenance of equipment.....	23.26	23.14	23.19	23.80
Traffic.....	3.42	3.40	3.50	3.39
Transportation.....	50.66	51.01	50.90	50.31
General.....	5.83	6.02	6.08	5.86
All other.....	1.08	1.06	1.06	1.01
Operating ratio, percent.....	79.5	79.2	81.4	78.9
Railway tax accruals.....	<i>Thousands</i> \$999,061	<i>Thousands</i> \$991,071	<i>Thousands</i> \$482,452	<i>Thousands</i> \$531,961
Equipment rents—debit.....	321,877	344,287	173,173	171,659
Joint facility rents—debit.....	44,911	41,735	21,464	21,047
Net railway operating income.....	585,345	537,763	145,846	265,493
Other income.....	345,642	321,730	153,298	139,177
Interest, rents, and other deductions.....	485,212	477,047	237,564	233,518
Net income.....	445,775	382,446	61,580	171,152
Federal income and excess-profits taxes ²	202,923	242,518	102,436	148,335
Net railway operating income before provisions for Federal income and excess-profits taxes.....	788,268	780,281	248,282	413,828
Net income before provisions for Federal income and excess-profits taxes.....	648,698	624,964	164,016	319,487

¹ Revised.

² Included in railway tax accruals shown above.

TABLE B.—*Selected operating statistics in freight and passenger service, class I line-haul railroads, 1960-61 and first 6 months of 1961 and 1962*

Item	Calendar year		First 6 months	
	1960 ¹	1961	1961 ¹	1962
Freight service:				
Average miles of road operated.....	219,387	218,866	218,838	217,601
Total revenue ton-miles (million).....	572,321	563,304	269,289	295,679
Tons of revenue freight carried (thousands).....	2,287,223	2,199,004	1,029,664	1,128,303
Revenue tons originated (thousands).....	1,240,654	1,193,740		
Revenue per ton-mile (cents).....	1.40	1.37	1.38	1.35
Miles per revenue ton per road (average haul).....	250.2	256.2	261.5	262.1
Freight-train miles (thousands).....	404,627	386,410	188,515	197,088
Net ton-miles per train-mile (including nonrevenue tons).....	1,466	1,508	1,476	1,549
Train-miles per mile of road per day.....	5.0	4.8	4.7	5.0
Net ton-miles per mile of road per day.....	7,324	7,233	6,969	7,689
Loaded car-miles (thousands).....	17,286,660	16,660,925	8,060,090	8,493,774
Empty car-miles (thousands).....	10,871,829	10,544,628	5,155,589	5,359,254
Percent loaded of total freight car-miles.....	61.4	61.2	61.0	61.3
Percent eastbound or northbound of loaded car-miles.....	55.0	54.9	55.0	53.7
Net ton-miles per loaded car-mile.....	34.0	34.7	34.2	35.7
Freight car-miles per train-mile—Total.....	70.2	71.0	70.7	70.9
—Loaded.....	43.1	43.5	43.1	43.5
—Empty.....	27.1	27.5	27.6	27.4
Gross ton-miles per train-mile (excluding locomotives and tenders).....	3,257	3,333	3,292	3,382
Gross ton-miles of locomotives and tenders per locomotive-mile.....	371	389	385	393
Train-miles per train-hour (averages).....	19.5	19.9	19.9	20.0
Gross ton-miles per train-hour.....	63,096	65,621	65,052	67,029
Car-miles per car-day.....	40.9	40.1	39.3	42.7
Net ton-miles per freight car-day.....	854	861	820	933
Percent of freight locomotives unserviceable.....	7.5	7.1	7.3	6.8
Percent of freight cars unserviceable.....	7.7	8.2	8.3	7.5
Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders).....	186	284	284	290
Gallons of diesel oil per 1,000 gross ton-miles (including locomotives).....	1.76	1.78	1.80	1.79
Passenger service:				
Average miles of road operated.....	93,614	89,120	90,258	86,465
Passengers carried (thousands).....	325,677	316,899	159,165	157,816
Total passenger-miles (millions).....	21,261	20,287	9,668	9,498
Revenue passenger-miles per train-mile.....	100.9	101.7	97.3	98.6
Revenue passenger-miles per car-mile.....	19.3	19.7	19.1	19.5
Revenue per passenger per mile:				
Including commutation passengers (cents).....	3.01	3.08	3.15	3.18
Excluding commutation passengers (cents).....	3.03	3.08	3.17	3.19
Average journey per passenger per road (miles).....	65.3	64.0	60.7	60.2
Passenger-train miles (thousands).....	209,689	198,497	98,975	95,959
Passenger-train car-miles (thousands).....	2,150,374	2,026,549	1,000,647	971,809
Passenger-train cars per train.....	10.26	10.21	10.11	10.13
Train-miles per mile of road per day.....	6.1	6.1	6.1	6.1
Train-miles per train-hour.....	40.7	40.9	40.9	40.9
Percent of passenger locomotives unserviceable.....	8.2	8.4	8.5	9.0
Percent of passenger cars unserviceable.....	8.6	9.6	9.7	10.4
Cost of fuel, all services (including freight charges):				
Average cost of coal per ton.....	\$6.95	\$6.03	\$6.05	\$5.90
Average cost of diesel oil per gallon (cents).....	9.31	9.54	9.79	9.62

¹ Revised.

TABLE C.—Average number of employees and total compensation, by groups of employees class I railroads, excluding switching and terminal companies, 1961-62

Group of employees	Calendar year 1961		6 months, January to June, inclusive	
	Average number of employees middle of month	Total compensation	Average number of employees middle of month	
			1961	1962
I. Executives, officials, and staff assistants.....	14, 625	\$181, 668, 401	14, 723	14, 478
II. Professional, clerical, and general.....	151, 578	892, 767, 015	152, 405	147, 214
III. Maintenance of way and structures.....	105, 476	554, 082, 429	103, 168	102, 694
IV. Maintenance of equipment and stores.....	164, 085	926, 957, 147	163, 893	165, 074
V. Transportation (other than train, engine, and yard).....	82, 644	469, 709, 986	82, 494	78, 048
VI. (a) Transportation (yardmasters, switchtenders, and hostlers).....	11, 288	89, 588, 610	11, 332	10, 816
VI. (b) Transportation (train and engine service).....	187, 847	1, 509, 208, 744	183, 868	187, 953
All employees.....	717, 543	4, 623, 982, 332	711, 883	706, 277

TABLE D.—*Carloads and tons of revenue freight originated and freight revenue, by commodities, calendar year 1961, class I railroads*

Commodity groups	Number of carloads	Number of tons (2,000 pounds)	Freight revenue
Products of agriculture:			
Wheat.....	764,586	43,173,744	\$268,326,904
Corn.....	454,814	25,108,405	131,484,990
Other grains.....	341,893	17,373,062	107,399,386
Flour, wheat.....	296,780	10,170,374	79,398,913
Other mill products.....	337,793	9,419,550	67,592,012
Cotton in bales.....	199,578	4,076,569	55,615,498
Citrus fruits.....	48,532	1,003,026	33,425,882
Other fresh fruits.....	136,241	2,020,807	74,642,447
Potatoes, other than sweet.....	148,644	3,385,027	69,578,817
Other fresh vegetables.....	154,257	2,475,843	100,401,351
Sugar beets.....	216,225	10,325,392	14,584,760
All other.....	657,068	25,277,088	169,505,687
Total.....	3,756,412	153,818,887	1,171,956,647
Animals and products:			
Live animals.....	206,898	2,320,196	52,156,485
Meats and other edible packngause products.....	224,107	3,677,114	106,087,321
Poultry, live and dressed.....	7,956	198,737	4,926,079
Dairy products.....	32,471	750,868	14,094,179
Wool and mohair.....	9,349	183,962	5,033,695
Hides and leather.....	26,896	746,525	17,335,999
All other.....	48,082	1,463,996	17,751,894
Total.....	555,759	9,341,398	217,383,652
Products of mines:			
Anthracite coal.....	165,630	9,235,714	33,664,493
Bituminous coal.....	4,732,531	296,883,908	1,009,078,108
Coke.....	323,202	14,328,106	59,906,241
Iron ore.....	1,108,252	77,416,703	173,407,160
Other ores and concentrates.....	272,017	19,897,486	71,680,202
Gravel and sand.....	968,852	62,276,603	105,018,711
Stone and rock: Broken, ground, and crushed.....	865,263	53,056,435	88,616,590
Fluxing stone and raw dolomite.....	219,884	15,017,433	31,000,956
Petroleum, crude.....	54,340	2,027,483	7,993,725
Phosphate rock.....	339,960	23,085,364	46,279,694
All other.....	782,186	42,420,343	236,318,946
Total.....	9,830,117	615,645,578	1,862,964,826
Products of forests:			
Logs, butts, and bolts.....	126,055	4,646,667	9,680,232
Posts, poles, and piling, wooden.....	70,221	2,196,780	22,141,514
Pulpwood.....	901,202	42,734,840	79,885,748
Lumber, shingles, and lath.....	453,066	14,888,424	358,254,363
All other.....	326,252	10,457,362	157,625,440
Total.....	1,876,796	74,924,013	627,587,297
Manufactures and miscellaneous:			
Refined petroleum products.....	861,341	25,126,542	204,948,788
Vegetable oils.....	109,909	3,405,098	41,297,252
Chemicals.....	526,932	23,717,042	277,945,483
Fertilizers, n. o. s.....	381,442	19,596,294	153,666,198
Metals and alloys, other than iron and steel.....	131,484	5,915,516	105,197,786
Pig iron.....	51,703	3,201,475	15,945,185
Semifinished iron and steel.....	186,279	11,314,749	53,263,545
Manufactured iron and steel.....	844,309	33,030,148	393,798,345
Vehicles and parts, motor and other.....	680,208	11,949,927	355,012,370
Cement, natural and portland.....	401,888	24,347,359	85,333,359
Paper and paper products.....	1,120,736	32,872,872	482,718,782
Alcoholic beverages.....	136,982	4,402,429	75,468,116
Sugar.....	135,408	6,331,853	55,845,544
Food products, n. o. s., in cans and packages, not frozen.....	459,108	13,154,888	227,163,974
Feed, animal and poultry, n. o. s.....	568,736	15,996,435	85,513,492
Containers, metal, wooden and paper.....	336,354	4,185,401	74,676,487
Scrap iron and steel.....	407,918	20,078,326	84,070,131
All other.....	2,732,989	74,028,898	1,156,503,492
Total.....	10,073,726	332,655,262	3,928,368,329
Forwarder traffic.....	411,629	4,768,635	180,606,993
Grand total carload traffic.....	26,504,439	1,191,153,773	7,988,867,744
All l. c. l. freight.....		2,586,392	125,132,863
Grand total, carload and l. c. l.....		1,193,740,165	8,114,000,607

¹ Excludes coal to breakers and washeries.

TABLE E.—*Revenues, expenses, and income of class I motor carriers¹ of property for the calendar year 1961 compared with the same carriers for 1960²*

Item	Total carriers reported	
	1960	1961
INTERCITY CARRIERS		
Number of carriers represented.....	965	965
Revenues:		
Freight revenue—Intercity—Common carrier.....	\$4, 448, 817, 379	\$4, 599, 786, 642
Freight revenue—Intercity—Contract carrier.....	250, 193, 061	188, 100, 157
Freight revenue—Local cartage.....	54, 678, 017	56, 427, 941
Revenue—Transportation for other class I and class II motor carriers.....	46, 946, 467	48, 430, 973
Other operating revenue.....	47, 757, 192	44, 685, 189
Total operating revenues.....	4, 848, 392, 116	4, 937, 430, 902
Expenses:		
Equipment maintenance expense.....	482, 347, 309	469, 578, 361
Transportation expense.....	2, 434, 546, 500	2, 432, 945, 608
Terminal expense.....	670, 233, 763	684, 979, 003
Traffic expense.....	152, 723, 991	155, 571, 034
Insurance and safety expense.....	203, 125, 388	204, 336, 024
Administrative and general expense.....	279, 713, 221	282, 910, 425
Total operation and maintenance expenses.....	4, 222, 690, 172	4, 230, 320, 455
Depreciation expense.....	223, 951, 714	224, 955, 449
Depreciation adjustment.....	17, 441, 476	12, 921, 635
Amortization chargeable to operations.....	38, 349	23, 221
Operating taxes and licenses.....	295, 484, 042	299, 414, 201
Total expenses.....	4, 724, 722, 801	4, 741, 791, 691
Operating ratio (percent).....	97. 4	96. 0
Net operating revenue.....	\$123, 669, 315	\$195, 639, 211
Other income.....	15, 008, 363	21, 105, 368
Other deductions.....	52, 730, 182	53, 966, 603
Net income before income taxes.....	85, 947, 496	162, 777, 976
Net income after income taxes ³	39, 433, 290	88, 838, 139
LOCAL CARRIERS		
Number of carriers represented.....	101	101
Total operating revenues.....	\$331, 272, 209	\$386, 965, 251
Total expenses.....	322, 555, 779	374, 203, 054
Operating ratio (percent).....	97. 4	96. 7
Net operating revenue.....	\$8, 716, 430	\$12, 762, 197
Other income.....	4, 025, 745	3, 867, 301
Other deductions.....	1, 782, 658	2, 299, 754
Net income before income taxes.....	10, 959, 517	14, 329, 744
Net income after income taxes ³	6, 594, 141	7, 703, 298

Deficit and contra items shown in italic.

¹ Class I motor carriers are those having average gross operating revenues of \$1,000,000 or over annually.² This table does not include data for 14 carriers that failed to furnish complete reports. The total figures for these 14 carriers amounted to the following for 1961: Operating revenues, \$31,367,434; operation and maintenance expenses, \$26,869,970; other expenses, \$3,763,811; total expenses, \$30,633,781; net operating revenue, \$733,653; net income before income taxes, \$477,638; net income after income taxes, \$219,622.³ Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations and, therefore, are not reported to the Commission.

TABLE F.—*Revenues, expenses, and income of class I motor carriers¹ of passengers for the calendar year 1961, compared with the same carriers for 1960²*

Item	Total carriers reported	
	1960	1961
INTERCITY CARRIERS		
Number of carriers represented.....	141	141
Operating revenues:		
Passenger revenue—Intercity schedules.....	\$355, 010, 280	\$369, 105, 463
Passenger revenue—Local and suburban schedules.....	23, 345, 300	23, 143, 774
Passenger revenue—Charter or special service.....	36, 067, 481	38, 037, 640
Other operating revenue.....	47, 209, 955	51, 645, 144
Total operating revenues.....	461, 633, 016	481, 932, 021
Operating expenses:		
Equipment maintenance and garage expenses.....	67, 191, 407	71, 028, 593
Transportation expense.....	143, 723, 748	152, 635, 094
Station expenses.....	55, 325, 342	59, 232, 025
Traffic, solicitation, and advertising expense.....	14, 606, 598	14, 489, 682
Insurance and safety expense.....	16, 688, 547	15, 438, 056
Administrative and general expense.....	34, 143, 790	34, 856, 009
Total operation and maintenance expenses.....	331, 679, 432	347, 679, 459
Depreciation expense.....	29, 578, 546	27, 592, 546
Amortization chargeable to operations.....	23, 832	40, 711
Operating taxes and licenses.....	36, 410, 942	37, 533, 761
Operating rents—net.....	5, 758, 201	6, 201, 761
Total expenses.....	403, 450, 953	419, 048, 238
Operating ratio (percent).....	87. 4	87. 0
Net operating revenue.....	\$58, 182, 063	\$62, 883, 783
Other income.....	\$1, 515, 705	\$1, 449, 449
Other deductions.....	\$4, 349, 366	\$4, 426, 722
Net income before income taxes.....	\$55, 348, 402	\$59, 906, 510
Net income after income taxes ³	\$28, 324, 259	\$32, 051, 743
LOCAL CARRIERS		
Number of carriers represented.....	62	62
Total operating revenues.....	\$125, 655, 830	\$129, 209, 171
Total expenses.....	\$120, 885, 887	\$125, 721, 926
Operating ratio (percent).....	96. 2	97. 3
Net operating revenue.....	\$4, 769, 943	\$3, 487, 245
Other income.....	\$1, 878, 744	\$1, 750, 565
Other deductions.....	\$1, 327, 211	\$1, 374, 762
Net income before income taxes.....	\$5, 321, 476	\$3, 863, 048
Net income after income taxes ³	\$2, 990, 154	\$2, 446, 953

Deficit and contra items in italics.

¹ Class I motor carriers are those having average gross operating revenues of \$200,000 or over annually.² This table does not include data for 6 carriers that failed to furnish complete reports. The total figures for these 6 carriers amounted to the following for 1961: Operating revenues, \$2,015,709; operation and maintenance expenses, \$1,724,734; other expenses \$226,373; total expenses, \$1,951,107; net operating revenue, \$64,602; net income before taxes, \$28,516; net income after income taxes, \$7,163.³ Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships involve factors that do not arise from motor carrier operations and, therefore, are not reported to the Commission.

TABLE G.—*Revenues, expenses, and statistics of freight forwarders for the years 1960 and 1961*¹

Item	Total carriers reported	
	1960	1961
Number of forwarders represented.....	64	64
Operating revenues:		
Transportation revenue.....	\$437, 016, 256	\$442, 467, 475
Transportation purchased—Dr.:		
Railroad transportation.....	188, 351, 121	179, 027, 808
Motor transportation.....	58, 926, 065	60, 872, 713
Water transportation.....	2, 028, 774	1, 642, 555
Pickup, delivery, and transfer service.....	58, 691, 003	60, 865, 369
Other transportation purchased.....	1, 737, 444	1, 811, 873
Total transportation purchased.....	309, 734, 407	304, 220, 318
Forwarder revenue from transportation.....	127, 281, 849	138, 247, 157
Incidental revenues.....	4, 437, 458	4, 711, 903
Total operating revenues.....	131, 719, 307	142, 959, 060
Operating expenses:		
Salaries, wages, and expenses of employees.....	61, 825, 072	61, 509, 178
Paid to others for services rendered.....	33, 840, 133	36, 881, 246
Operating rents.....	8, 693, 588	9, 091, 526
Communications and postage.....	4, 315, 305	4, 346, 221
Payroll taxes.....	2, 558, 333	2, 493, 892
All other operating expenses.....	15, 171, 489	17, 522, 106
Total operating expenses.....	126, 403, 920	131, 844, 169
Income items:		
Revenue from forwarder operations.....	5, 315, 387	11, 114, 891
Transportation tax accruals.....	265, 893	292, 950
Revenue, less taxes, from forwarder operations.....	5, 049, 494	10, 821, 941
Other income.....	4, 556, 198	4, 480, 135
Total income.....	9, 605, 692	15, 302, 076
Miscellaneous deductions from income.....	3, 882, 553	4, 657, 073
Net income before fixed charges and income taxes.....	5, 723, 139	10, 645, 003
Fixed charges.....	124, 127	187, 751
Net income before provisions for income taxes.....	5, 599, 012	10, 457, 252
Provisions for income taxes.....	2, 802, 458	4, 388, 080
Net income.....	2, 796, 554	6, 069, 172
Statistics:		
Tons of freight received from shippers.....	4, 099, 989	3, 955, 174
Number of shipments received from shippers.....	23, 120, 410	25, 919, 270

¹ Confined to forwarders having gross revenues of \$100,000 or more per annum.

TABLE H.—*Selected statistics of nonrailroad controlled private car owners,¹ year 1961*

Item	Refrigerator cars	Tank cars		Other cars ²	Total
		Petroleum	Other		
Cars owned at close of year.....	18,649	129,541	27,058	84,613	259,861
Serviceable cars.....	16,654	125,657	26,407	83,705	252,423
Unserviceable cars.....	1,995	3,884	651	908	7,438
Miles made by owned cars (thousands):					
Loaded.....	266,560	823,602	133,767	431,073	1,655,002
Empty.....	253,590	834,165	135,099	199,023	1,421,877
Not separable.....	36,395	30,193	39,879	11,613	118,080
Total.....	556,545	1,687,960	308,745	641,709	3,194,959
Revenue receivable, on (thousands):					
Car mileage basis.....	\$27,248	\$60,625	\$7,854	\$15,121	\$110,848
Car rental basis.....	948	100,927	21,383	63,125	186,383
Other car service basis.....	12	143	50	34	239
Total.....	28,208	161,695	29,287	78,280	297,470

¹ Confined to owners of 10 or more cars. Does not include railroad owned or controlled refrigerator car lines. Compiled from annual reports of 173 owners.

² Includes such cars as stock, gondola, hopper, airdump, box, cradle, flat, vat, et cetera.

TABLE I.—*Selected statistics of refrigerator carlines owned or controlled by railroads, for the years 1960 and 1961*

Item	1960	1961
Number of companies represented.....	8	8
Operating revenues:		
Car service.....	\$102,439,677	\$98,748,767
Icing protective service.....	27,879,345	26,491,132
Mechanical protective service.....	6,909,426	8,112,041
Heater service.....	2,030,919	1,632,331
Other services.....	1,987,395	3,037,667
Total.....	141,246,762	138,021,938
Operating expenses:		
Car service.....	59,060,047	58,479,845
Icing protective service.....	19,925,359	18,907,264
Other icing service.....	6,456,531	6,163,504
Mechanical protective service.....	7,426,063	8,634,269
Heater service.....	2,142,618	1,919,271
Miscellaneous.....	3,834,177	4,618,427
General.....	3,272,149	3,603,416
Total.....	102,116,944	102,325,996
Net income after fixed charges and tax accruals.....	\$13,850,666	\$8,878,573
Carline tax accruals.....	\$11,028,312	\$11,909,097
Investment in cars or protective service property less recorded depreciation and amortization.....	\$310,332,629	\$310,824,085
Rolling stock owned at close of year:		
Refrigerator cars.....	66,180	61,916
Other cars.....	31	796
Mileage made by owned refrigerator cars:		
Loaded.....	1,325,331,175	1,264,775,131
Empty.....	966,509,113	903,588,086
Not separable.....	22,286,474	12,228,383
Total.....	2,314,126,762	2,180,601,600
Total employees at close of year.....	7,320	6,608
Total compensation for the year.....	\$38,722,259	\$39,169,375

TABLE J.—*Selected financial and operating data of oil pipeline companies, 1959, 1960, and 1961*

Item	1959	1960	1961
Miles of line operated:			
Gathering lines.....	49, 567	49, 401	49, 656
Trunk lines.....	99, 592	102, 567	104, 081
Investment in carrier property.....	\$3, 196, 908, 864	\$3, 299, 501, 127	\$3, 406, 830, 415
Capital stock ¹	359, 420, 443	383, 826, 501	358, 028, 237
Funded debt unmatured ¹	1, 025, 686, 816	1, 055, 501, 963	1, 058, 721, 769
Accrued depreciation—Carrier property ²	1, 239, 632, 831	1, 332, 190, 497	1, 429, 116, 884
Operating revenues.....	765, 232, 073	770, 417, 060	786, 717, 567
Operating expenses.....	406, 139, 903	417, 640, 213	419, 853, 655
Pipeline taxes:			
U. S. Government taxes.....	110, 838, 444	115, 234, 824	111, 358, 769
Other than U. S. Government taxes.....	36, 978, 117	38, 631, 096	40, 888, 996
Pipeline operating income.....	211, 275, 609	198, 910, 927	214, 616, 147
Net income.....	182, 815, 269	169, 398, 118	180, 697, 972
Dividend appropriations ¹	145, 442, 384	143, 459, 767	153, 062, 714
Number of barrels of oil received into system.....	4, 665, 030, 080	4, 783, 055, 042	4, 940, 907, 441
Number of barrel-miles (trunk lines):			
Crude oil (thousands).....	980, 013, 807	976, 357, 818	995, 642, 315
Refined oils (thousands).....	284, 361, 887	304, 448, 973	317, 141, 089
Total employees:			
Average number.....	22, 152	21, 321	20, 295
Compensation.....	\$152, 811, 552	\$150, 577, 190	\$150, 715, 010

¹ Excludes data for 7 companies in 1959; 5 companies in 1960; and 5 companies in 1961; as the annual reports filed by these companies relate to pipeline departments of large oil companies and these items are not segregated for the pipeline departments.

² Includes "Amortization reserve" as follows: 1959, \$58,370,970; 1960, \$47,911,634; and 1961, \$55,965,856.

TABLE K.—*Revenues and traffic of carriers by water, 1960 and 1961*¹

Item	1960	1961
Freight revenue.....	\$294, 788, 957	\$264, 840, 931
Number of tons of revenue freight carried.....	107, 253, 926	105, 887, 759
Passenger revenue.....	\$9, 226, 993	\$8, 517, 501
Number of revenue passengers carried.....	3, 198, 739	2, 678, 155

¹ Compiled from quarterly reports of 111 carriers of classes A and B.

TABLE L.—*Selected financial and operating data of electric railways, 1959, 1960, and 1961*

Item	1959	1960	1961
Miles of road operated.....	542	469	402
Investment in road and equipment.....	\$97, 154, 853	\$87, 719, 770	\$74, 248, 293
Capital stock.....	29, 151, 931	23, 298, 409	22, 495, 601
Unmatured funded debt.....	7, 225, 996	862, 500	1, 068, 750
Accrued depreciation—Road and equipment.....	26, 445, 186	26, 157, 404	21, 535, 683
Railway operating revenues:			
Freight revenue.....	12, 121, 111	10, 354, 240	10, 123, 335
Passenger revenue.....	8, 199, 392	8, 486, 525	8, 134, 329
All other revenues.....	4, 183, 056	3, 993, 532	4, 039, 804
Total railway operating revenues.....	24, 503, 559	22, 834, 297	22, 297, 468
Total railway operating expenses.....	23, 188, 326	21, 848, 931	21, 421, 740
Taxes assignable to railway operations:			
Other than U. S. Government taxes.....	771, 676	674, 124	637, 796
U. S. Government taxes.....	1, 672, 730	1, 152, 726	1, 167, 359
Operating income.....	1, 080, 892	811, 314	933, 827
Net income.....	645, 280	545, 387	747, 418
Dividends declared.....	88, 246	78, 554	42, 278
Employees:			
Average number.....	2, 673	2, 301	2, 258
Compensation.....	\$13, 362, 069	\$12, 880, 674	\$12, 926, 146

Deficit shown in italics.

APPENDIX C

AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE ACT AS AMENDED

*Certificates of convenience and necessity for construction and/or operation of
lines of railroad under section 1(18) of the Interstate Commerce Act, as
amended*

Name of applicant	Location of line	Miles
Atchison, Topeka & Santa Fe Ry. Co.....	San Joaquin County, Calif.....	0. 175
Chicago & North Western Ry Co.....	Seward and Lincoln Counties, Nebr.....	. 672
Do.....	Peoria County, Ill.....	1. 91
Illinois Central R. Co.....	Caldwell, Lyon, and Livingston Counties, Ky.....	16. 25
Illinois Terminal R. Co.....	Macon County, Ill.....	. 071
Indiana Harbor Belt.....	Lake County, Ind.....	. 045
Kelley's Creek and Northwestern R. Co.....	Kanawha County, W. Va.....	. 597
Lackawanna & Wyoming Valley Ry. Co.....	Lackawanna and Luzerne Counties, Pa.....	. 336
Missouri-Illinois R. Co.....	Ste. Genevieve County, Mo.....	. 058
Sacramento Northern Ry.....	Yolo, Sacramento, and Solano Counties, Calif.....	4. 129
Southern Pacific Co.....	Solano, Yolo, and Sacramento Counties, Calif.....	1. 999
Southern Ry. Co.....	Jefferson County, Ala.....	. 096
Total number of miles.....	26. 338

	<i>Miles</i>
9 applications filed involving.....	14. 089
12 certificates issued authorizing.....	26. 338
3 applications dismissed involving.....	39. 14
2 applications denied involving.....	36. 027
Authorized since effective date of act.....	11, 595. 304
Portion thereof actually constructed.....	8, 494. 042
Portion thereof deferred or abandoned.....	3, 042. 533
Portion in which time for construction has not expired.....	58. 729

Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1(18) of the Interstate Commerce Act, as amended

Name of applicant	Location of line	Miles
Atlantic & Western Ry. Co.	Lee and Harnett Counties, N.C.	21.70
Atlantic Coast Line R. Co.	Polk County, Fla.	4.8
Do.	Chatham County, Ga.	11.06
Bangor & Aroostook R. Co.	Piscataquis County, Maine	48.8
Boston & Maine R.	Essex County, Mass.	2.25
Do.	do.	1.4
Do.	Middlesex County, Mass.	5.3
Do.	do.	3.8
Campbell's Creek R. Co.	Kanawha County, W. Va.	16.10
Central R. Co. of New Jersey.	Morris County, N.J.	4.43
Do.	Jersey City, N.J., and New York, N.Y.	10.8
Chesapeake & Ohio Ry. Co.	Newaygo County, Mich.	9.15
Chestnut Ridge Ry. Co.	Carbon and Monroe Counties, Pa.	4.34
Chicago & North Western Ry. Co.	Saunders, Butler, Seward, and Lancaster Counties, Nebr.	55.44
Do.	Albia-Des Moines, Iowa.	68.923
Do.	Nicollet and Brown Counties, Minn.	18.20
Do.	Walworth and Kenosha Counties, Wis.	5.75
Do.	Mahaska and Jasper Counties, Iowa.	30.82
Chicago, Burlington & Quincy R. Co.	Jo Daviess County, Ill.	3.58
Do.	Lucas and Warren Counties, Iowa.	30.44
Do.	Fremont County, Iowa.	6.0
Do.	Clinton and Clay Counties, Mo.	26.98
Do.	Schuyler and Fulton Counties, Ill.	10.72
Do.	Whiteside County, Ill.	5.30
Chicago Great Western Ry. Co.	Winona County, Minn.	10.134
Chicago, Milwaukee, St. Paul and Pacific R. Co.	Crawford County, Wis., and Clayton County, Iowa.	1.57
Do.	Sullivan County, Ind.	2.91
Chicago North Shore & Milwaukee Ry.	Milwaukee, Racine, and Kenosha Counties, Wis., and Lake and Cook Counties, Ill.	118.09
Chicago, Rock Island & Pacific R. Co.	Rock County, Minn.	7.40
Claremont & Concord Ry. Co., Inc.	Merrimack County, N.H.	17.557
Des Moines & Central Iowa Ry. Co.	Polk County, Iowa.	.7877
Duluth, Missabe and Iron Range Ry. Co.	St. Louis County, Minn.	13.87
Erie-Lackawanna R. Co.	Cortland County, N.Y.	18.31
Do.	Orange County, N.Y.	1.9
Do.	Luzerne County, Pa.	5.67
Fort Smith, Subiaco & Rock Island R. Co.	Logan County, Ark.	16
Illinois Central R. Co.	Caldwell, Lyon, and Livingston Counties, Ky.	15.70
Do.	Caddo Parish, La.	2.85
Indiana Harbor Belt R. Co.	Hammond, Ind.	3.709
Kansas City, Kaw Valley R., Inc.	Wyandotte County, Kans.	14.51
Lake Superior & Ishpeming R. Co.	Marquette County, Mich.	1.48
Lehigh & New England R. Co.	Warren and Sussex Counties, N.J., and Carbon, Schuylkill, Northampton, and Lehigh Counties, Pa.	174.9
Lehigh Valley R. Co.	Luzerne County, Pa.	2.555
Do.	do.	.972
Louisville & Wadley Ry. Co.	Jefferson County, Ga.	11.11
Michigan Central R. Co.	Bay County, Mich.	5.0
Missouri-Illinois R. Co.	Thomure, Mo., and Kellogg, Ill.	3.01
Missouri Pacific R. Co.	Williamson County, Ill.	4.92
Mohassuck Valley R. Co.	Providence County, R.I.	.189
New York Central R. Co.	Onondaga County, N.Y.	15.4
Do.	Albany County, N.Y.	1.71
Do.	Franklin County, N.Y.	1.9
Do.	Hampden County, Mass.	.2
New York Dock Ry.	Hudson County, N.J., and Kings, Richmond, and Bronx Counties, N.Y.	1.8
New York, New Haven & Hartford R. Co.	Berkshire County, Mass.	.0986
Do.	Hartford, Conn.	.99
Do.	Barnstable County, Mass.	.052
Do.	Worcester County, Mass.	2.79
Do.	Hampshire County, Mass.	4.03
Norfolk Terminal Ry. Co.	Norfolk, Va.	.347
Northern Pac. Ry. Co.	Morton and Sioux Counties, N. Dak.	65.89
Oahu Ry. & Land Co.	Honolulu, Hawaii.	.23
Pacific Electric Ry. Co.	Los Angeles County, Calif.	5.062
Pennel Co. and Pennsylvania R. Co.	Warren County, Pa., and Cattaraugus County, N.Y.	28.5
Pennsylvania R. Co.	Lycoming County, Pa.	.75
Do.	Emmet County, Mich.	5.79
Do.	Allegheny County, Pa.	4.04
Petaluma & Santa Rosa R. Co.	Sonoma County, Calif.	1.08
Philadelphia, Baltimore & Washington R. Co.	Fayette and Rush Counties, Pa.	12.99
Plattsburgh Ry. Corp.	Steuben County, N.Y.	11.44

Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1(18) of the Interstate Commerce Act, as amended—Continued

Name of applicant	Location of line	Miles
Reading Co.....	Middlesex County, N.J.....	0. 225
Do.....	Schuylkill County, Pa.....	. 11
Do.....	do.....	. 08
Do.....	Lycoming County, Pa.....	. 58
Do.....	Dauphin County, Pa.....	. 32
Do.....	Schuylkill County, Pa.....	. 15
Do.....	do.....	. 24
Do.....	Northumberland County, Pa.....	. 39
Rosslyn Connecting R. Co.....	Arlington County, Va.....	2. 3
Sacramento Northern Ry.....	Sacramento and Yolo Counties, Calif.....	4. 469
Savannah Union Station Co.....	Savannah, Ga.....	11. 06
Seaboard Air Line R. Co.....	Chatham County, Ga.....	11. 06
Soo Line R. Co.....	Aitkin County, Minn.....	5. 16
Southern Pacific Co.....	Cochise County, Ariz., and Hidalgo, Grant, Suna, and Dona Ana Counties, N. Mex.....	232. 786
Do.....	Cochise and Santa Cruz Counties, Ariz.....	43. 700
Do.....	Gila County, Ariz.....	7. 403
Do.....	Quay, San Miguel, Harding, and Colfax Counties, N. Mex.....	114. 070
Do.....	St. Landry and St. Martin Parishes, La.....	9. 73
Do.....	Anderson and Cherokee Counties, Tenn.....	47. 092
Sumpter Valley Ry. Co.....	Baker County, Oreg.....	1. 50
Sunset Ry. Co.....	Kern County, Calif.....	4. 618
Tavares & Gulf R. Co.....	Lake County, Fla.....	6
Texas & New Orleans R. Co.....	Waller and Washington Counties, Fla.....	18. 3
Texas Short Line Ry. Co.....	Van Zandt County, Tex.....	11. 04
Western Pacific R. Co.....	Butte County, Calif.....	26. 96
Total number of miles.....		1, 582. 282

	Miles
122 applications filed involving.....	1, 869. 131
95 certificates issued permitting abandonment.....	1, 582. 282
1 application dismissed involving.....	7. 96
2 applications denied involving.....	53. 149
Abandonments permitted since effective date of act.....	47, 685. 262

Certificates of convenience and necessity for acquisition and/or operation of lines of railroad issued under section 1(18) of the Interstate Commerce Act, as amended

Name of applicant	Location of line	Miles
Erie-Lackawanna R. Co.....	Northampton County, Pa.....	2. 769
Great Northern Ry. Co.....	Yankton County, S. Dak.....	5. 34
Louisville & Nashville R. Co.....	Anderson County, Tenn.....	4. 94
Louisville & Wadley Ry. Co.....	Jefferson County, Ga.....	11. 111
Oahu Railway & Terminal Warehousing Co., Ltd.....	Honolulu, Hawaii.....	2
Union Pacific R. Co.....	Wyandotte County, Kans.....	2. 49
Wadley Southern Ry. Co.....	Jefferson and Emanuel Counties, Ga.....	23. 17
Western Pacific R. Co.....	Butte County, Calif.....	22. 92
Denver & Rio Grande Western R. Co.....	Archuleta County, Colo.....	11. 814
Fox River & Eastern Electric Ry. Co.....	Illinois.....	6. 81
Total number of miles.....		93. 364

	Miles
7 applications filed involving.....	68. 94
8 certificates issued involving.....	74. 740
2 applications dismissed involving.....	18. 624

Authorizations under section 5(2) of the Interstate Commerce Act, as amended, involving railroad properties

Acquiring carrier	Owning carrier	Miles	How acquired
Athlison, Topeka & Santa Fe Ry. Co.	Central California Traction Co....	0.45	Trackage rights.
Baltimore & Ohio R. Co. and Buffalo	Mahoning Valley R. Co.....	4.153	Control.
Rochester & Pittsburgh Ry. Co.			
Belt Ry. Co. of Chicago.....	Chicago & Western Indiana R. Co..	376.30	Purchase.
Central of Georgia Ry. Co.....	Southern Ry. Co.....	4	Trackage rights.
Chicago & North Western Ry. Co.....	Chicago, Burlington & Quincy R. Co.	29	Do.
	Indiana Harbor Belt R. Co.....	36.5	Do.
Chicago, Milwaukee, St. Paul & Pacific Ry. Co. and Chicago & North Western Ry. Co.			
Chicago, Milwaukee, St. Paul & Pacific R. Co.	Washington, Idaho & Montana Ry. Co.	50.0	Control.
Chicago, Rock Island & Pacific R. Co.	St. Louis-San Francisco Ry. Co...	3.598	Trackage rights.
Cincinnati, New Orleans & Texas Pacific Ry. Co.	Cincinnati Southern Ry. Co.....		Lease.
Florida East Coast Ry. Co.....	Atlantic Coast Line R. Co.....	4.8	Do.
Gulf, Colorado & Santa Fe Ry. Co. & Texas & New Orleans R. Co.	Texas & New Orleans R. Co. and Gulf Colorado & Santa Fe Ry. Co.	.905	Trackage rights.
	Southern Pacific Co.....	6.6	Do.
Harris County Houston Ship Channel Navigation District.			
Do.....	Chicago, Rock Island & Pacific R. Co., Fort Worth & Denver Ry. Co., Gulf, Colorado & Santa Fe Ry. Co., Houston Belt & Term. Ry. Co., Missouri-Kansas-Texas R. Co., Missouri Pacific R. Co., and Southern Pacific Co.	6.6	Operating agreement.
Hudson & Manhattan R. Co.....	Pennsylvania R. Co.....	14.2	Acquisition and operation.
Illinois Terminal R. Co.....	Illinois Central R. Co.....	40.92	Trackage rights.
Indiana Harbor Belt R. Co.....	Elgin, Joliet & Eastern Ry. Co....	.3655	Do.
Lackawanna & Wyoming Valley Ry. Co. & Erie-Lackawanna R. Co.	Erie-Lackawanna R. Co. and Lackawanna & Wyoming Valley Ry. Co.	12.7	Do.
Lehigh & New England Ry. Co.....	Lehigh & New England Ry. Co..	40	Acquisition and operation.
Memphis Union Station Co.....		6.65	Operating agreement.
Missouri-Illinois R. Co.....	St. Louis-San Francisco Ry. Co., St. Louis Southwestern Ry. Co., Southern Illinois & Missouri Bridge Co., and Missouri Pacific Co.	159.5	Trackage rights.
Missouri-Kansas-Texas R. Co.....	Southern Pacific Co. and Gulf, Colorado and Santa Fe Ry. Co.	.878	Do.
Montour R. Co.....	Pennsylvania R. Co.....	.758	Purchase.
New York, Chicago & St. Louis R. Co.	Erie-Lackawanna R. Co.....	19.17	Trackage rights.
Pennsylvania R. Co.....	Lehigh Valley R. Co.....	1,127	Control.
Reading Co.	Pennsylvania R. Co. and Pennsylvania-Reading Seashore Lines.	10.25	Trackage rights.
Sacramento Northern Ry.....	Southern Pacific Co.....	35.135	Do.
Seaboard Air Line R. Co.....	Atlantic Coast Line R. Co.....	1.009	Do.
Seaboard Air Line R. Co. and Atlantic Coast Line R. Co.	Savannah Union Station Co.....	.79	Purchase.
Southern Pacific Co.....	Texas & New Orleans R. Co., El Paso & Southwestern R. Co., and El Paso Southern Ry. Co.	4,038.145	Merger.
Southern Pacific Co. and Union Pacific R. Co.	Portland Traction Co.....	75.42	Control.
Southern Pacific Co.....	Sacramento Northern Ry.....	26.328	Trackage rights.
Spokane International R. Co.....	Oregon-Washington R. & Nav. Co.	3.30	Do.
Stockton Terminal and Eastern R....	Athlison, Topeka & Santa Fe Ry. Co.	.121	Do.
Western Maryland Ry. Co.....	Pennsylvania R. Co.....	13.62	Do.
Wisconsin Central R. Co.....	Indiana Harbor Belt R. Co..... and Illinois Central R. Co.	33.45	Do.

47 applications filed.

35 applications granted.

3 applications denied.

6 applications dismissed.

Authorizations under section 5(2) of the Interstate Commerce Act, as amended, for unifications involving the 100 largest motor carriers of property

Acquiring carrier	1961 revenues (000)	Rank	Acquired carrier	Revenues		Rank	How acquired
				Year	(000)		
All States Freight, Inc.	18,343	45	All States Freight, Inc., of Indiana.	1961	5,139		Merger.
Arkansas-Best Freight System, Inc.	15,895	58	G. M. Bradsher (Doyle Bradsher, administrator), d/b/a Bradsher Truck Service.	1961	181		Purchase.
Associated Truck Lines, Inc.	23,467	31	Healzer Cartage Co.	1961	2,885		Control.
Bouell (F. J.) Driveway Co., Inc.	12,009	89	Security Cartage Co., Inc.	1961	79		Merger.
Branch Motor Express Co.	12,790	85	Treloar Trucking Co., Inc.	1960	423		Purchase.
Consolidated Freightways Corp. of Delaware.	86,793		Murdoch & Hatch Motor Transport, Inc.	1961	4,973		Merger.
Continental Transportation Lines, Inc.	12,384	1	New York Consolidated Freightways Corp.	1961	32,401	19	Do.
Cooper-Jarrett, Inc.	18,102	87	Motor Age Transit Lines, Inc.	1960	424		Do.
Dean Van Lines, Inc.	12,434	46	Marianelli Motor Lines, Inc.	1961	561		Purchase.
Eastern Express, Inc.	32,297	20	Boehle's Express, Inc.	1961	200		Do.
Garrett Freightlines, Inc.	19,109	41	R. F. Boush, d/b/a Boush Transfer.	1960	188		Do.
			Robert C. Kulp, d/b/a Robert C. Kulp Motor Freight.	1960	112		Purchase (portion).
			Brown & Pollack Motor Lines, Inc.	1961	682		Merger.
			Inland Motor Freight.	1961	5,148		Do.
			Pacific Highway Transport, Inc.	1961	3,443		Do.
			Northwest Freight Lines, Inc.	1961	2,062		Do.
			Flathead Transportation Co.	1961	46		Do.
Gordons Transports, Inc.	20,775	36	Huff Truck Line, Inc.	1961	633		Control.
Helm's Express, Inc.	12,869	84	Clinton Transportation Corp.	1961	429		Purchase.
Hennis Freight Lines, Inc.	23,104	32	Union Storage & Warehouse Co., Inc. d/b/a North South Lines.	1960	9		Purchase (portion).
Indianhead Truck Line, Inc.	3,945		Consolidated Freightways Corp. of Delaware.	1961	86,793	1	Do.
Interstate Motor Lines, Inc.	23,874	30	Highway Transport, Inc.	1961	1,883		Purchase.
Johnson Motor Lines, Inc.	11,490	96	Atlantic States Motor Lines, Inc.	1960	3,080		Merger.
Jones Motor Co., Inc.	15,334	62	McCormick Transportation Co.		1,825		Do.
C. M. Lang and C. R. Givens, d/b/a Lang Transit Co.	319		T.I.M.E., Inc.	1961	17,385	52	Purchase (portion). ¹
Lee Way Motor Freight, Inc.	13,285	80	Sooner Freight Lines	1961	2,862		Merger.
Matlack (E. Brooke), Inc.	20,467	37	Edwin E. Clark, d/b/a Clark Bulk Transfer	1960	76		Purchase.
			Reader Brothers, Inc.	1961	1,099		Merger.
			Charles H. McCreary, Inc.	1961	99		Do.
			Midwest Transfer Co. of Illinois.	1961	17,048	54	Do.
			Beiford Trucking Co., Inc.	1961	3,265		Control.
Midwest Emery Freight System, Inc.	20,979	35	Independent Truckers, Inc. (Edward G. Garvey, trustee).	1961	1,875		Purchase.

Midwest Transfer Co. of Illinois.....	17,048	54	Service Transfer & Storage, Inc. Austin H. S. Trucking, Inc. (James E. Kennedy, trustee).	1961 1956	978 239	Merger. Purchase.
Navajo Freight Lines, Inc.....	28,836	23	Puritan Transportation Co., Inc.	1961	231	Merger.
North American Van Lines, Inc.....	40,408	13	Fred W. Schultz (Myron H. Burnett, receiver), d/b/a Denver Pueblo Freight Lines.	1960	57	Purchase.
Red Ball Motor Freight, Inc.....	15,488	63	Richard F. McCabe, d/b/a McCabe Moving & Storage Co.	1961	39	Purchase (portion).
Ruan Transport Corp.....	14,106	71	Couch Motor Lines, Inc.	1961	5,006	Control.
St. Johnsbury Trucking Co., Inc.....	13,432	79	Centennial Truck Lines, Inc. (Robert W. Caddes, trustee).	1959	1,631	Purchase (portion).
The Santa Fe Trail Transportation Co.....	14,103	72	Denver Chicago Transport Co., Inc.	1961	3,567	Purchase.
Transamerican Freight Lines, Inc.....	43,530	9	Pyramid Motor Freight Corp.	1960	1,607	Do.
Transcon Lines.....	23,977	29	Santa Fe Transportation Co.	1961	2,948	Purchase (portion). ¹
United Buckingham Freight Lines (formerly Buckingham Freight Lines).	18,717	43	William S. Clark.	1961	82	Purchase (portion).
Valley Motor Lines, Inc. (including Valley Express Co.)	11,476	97	Gunn Motor Express, Inc.	1960	97	Do.
Watson Bros. Transportation Co., Inc.....	38,608	14	Houston & North Texas Motor Freight Lines, Inc.	1961	2,154	Control.
Wilson Freight Forwarding Co.....	19,818	39	United Truck Lines, Inc.	1961	6,802	Merger.
			Pierce Freight Lines, Inc.	1961	4,481	Purchase.
			Wilson Truck Co., Inc.	1961	11,438	Merger.
			Interstate Dispatch, Inc.	1961	5,078	Do.

¹ Petition for reconsideration pending.

Authorizations under the Interstate Commerce Act for unifications and transfers involving water carriers and freight forwarders

Acquiring carrier	From	How acquired
Knappton Towboat Co.....	Arrow Tug & Barge Co.....	Purchase.
Pacific Inland Navigation Co.....	Upper Columbia River Towing Co....	Merger.
Tidewater Barge Lines, Inc.....	Consolidated Navigation Co.....	Do.
Arizona Theater Service, Inc.....	Film Transport Co. of Cal., Inc.....	Freight forwarder permit transfer.
Clipper Carloading Co.....	Pacific Forwarding Association., Inc..	Do.
Gallagher & Ascher Co.....	Ben Arenberg, d.b.a. Gallagher & Ascher Co.	Do.
Lyons Transport, Inc.....	George W. Lyons, Joseph R. Lyons George W. Lyons, Jr., George W. Lyons, Jr., surviving partner d.b.a. Lyons Transport.	Do.
Star Forwarders, Inc.....	Hawaiian Freight Forwarders, Ltd....	Do.
Twin City Shippers Association, Inc.....	Carl O. Blomstrand d.b.a. Twin City Shippers Association.	Do.
Wilson Line of New York, Inc.....	Wilson Line Operating Co.....	Water carrier certificate transfer.

9 applications filed.

1 application dismissed.

1 application denied.

APPENDIX D

RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

	<i>Miles of line operated ¹</i>
Proceedings under section 77 of the Bankruptcy Act:	
Atlantic & Danville Ry. Co.-----	214
Boston & Providence RR. Corp. ² -----	64
New Jersey & New York RR. Co.-----	38
New York, New Haven & Hartford RR. Co.-----	1,735
Proceedings under chapter X of the Bankruptcy Act:	
Hudson & Manhattan RR. Co.-----	8
Receivership proceedings:	
Georgia & Florida RR.-----	321
Waco, Beaumont, Trinity & Sabine Ry. Co. ³ -----	18
Tennessee RR. Co.-----	57

¹ As of June 30, 1962.

² Owned mileage 64. Leased to Old Colony RR. Co.; operated by New York, New Haven & Hartford RR. Co.

³ Not in operation. Owned mileage 18.

Mileage of line-haul railroads operated by receivers or trustees at various dates

Year ¹	Miles of road operated by receivers at close of year	Miles of road operated by trustees at close of year	Miles of road operated by both receivers and trustees at close of year	Total miles of road operated at close of year. All line-haul companies	Percent of total mileage operated by receivers or trustees
1895.....	37,855.80	-----	37,855.80	177,746	21.30
1900.....	4,177.91	-----	4,177.91	192,556	2.17
1905.....	795.82	-----	795.82	216,974	.37
1910.....	5,257.03	-----	5,257.03	240,831	2.18
1915.....	30,223.05	-----	30,223.05	257,569	11.73
1920.....	16,290.17	-----	16,290.17	259,941	6.27
1925.....	18,686.99	-----	18,686.99	258,631	7.23
1930.....	9,486.28	-----	9,486.28	260,440	3.64
1935.....	15,920.00	52,425.00	68,345.00	252,930	27.02
1940.....	11,658.00	63,612.00	75,270.00	245,740	30.63
1945.....	5,088.00	34,626.00	39,714.00	239,438	16.59
1950.....	638.00	11,585.00	12,223.00	236,857	5.16
1955.....	441.00	1,497.00	1,938.00	233,955	.83
1956.....	982.00	612.00	1,594.00	233,509	.68
1957.....	441.00	612.00	1,053.00	232,177	.45
1958.....	427.00	613.00	1,040.00	231,494	.45
1959.....	484.00	613.00	1,097.00	230,933	.48
1960.....	435.00	824.00	1,259.00	230,169	.55
1961.....	378.00	1,987.00	2,365.00	229,369	1.03

¹ As of June 30, 1895 to 1915, inclusive. As of Dec. 31, 1920 to 1961, inclusive.

APPENDIX E

STATEMENT OF APPROPRIATION AND OBLIGATION FOR THE FISCAL YEAR ENDED JUNE 30, 1962

An Act making appropriations for sundry independent, executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1962, and for other purposes. (Public Law 87-141, 87th Cong., approved August 17, 1961.)

Salaries and expenses: For necessary expenses of the Interstate Commerce Commission, including not to exceed \$5,000 for the employment of special counsel; services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a); and purchase of not to exceed 42 passenger motor vehicles of which 36 shall be for replacement only, \$22,075,000, of which not less than \$1,696,700 shall be available for expenses necessary to carry out railroad safety activities and not less than \$1,129,000 shall be available for expenses necessary to carry out locomotive inspection activities: <i>Provided</i> , That Joint Board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such-----		\$22, 075, 000
Obligations and unobligated balance of appropriation as of June 30, 1962. The obligations shown represent net obligation after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.		
Net obligations under appropriation for the fiscal year ended June 30, 1962: Salaries and expenses-----		22, 073, 219
Unobligated balance of appropriation: Salaries and expenses--		1, 781
Payment of loan guaranties: For payments required to be made as a consequence of loan guaranties made by the Interstate Commerce Commission under section 503 of the Interstate Commerce Act, as amended (49 U.S.C. 1233)-----		14, 700, 000
Net obligations under appropriation for the fiscal year ended June 30, 1962: Payment of loan guaranties-----		14, 675, 740
Unobligated balance of appropriation: Payment of loan guaranties -----		24, 260
Statement of receipts from fees and charges during the fiscal year ended June 30, 1962:		
Fees and other charges for administration, professional and scientific services, not otherwise classified-----		4, 375
Earned fees, fees for permits and licenses not otherwise classified -----		5, 220
Duplication of records and other documents; and sale of publications and reproductions, not otherwise classified-----		32, 466
Fees and other charges for miscellaneous services, not otherwise classified -----		17, 010
Fees and other charges for special benefits, not otherwise classified -----		144, 375
Total receipts from fees and charges-----		203, 446

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